



AGENDA

Ordinary meeting of the

Nelson City Council

**Thursday 27 June 2019
Commencing at 9.00a.m.
Council Chamber
Civic House
110 Trafalgar Street, Nelson**

**Pat Dougherty
Chief Executive**

Membership: Her Worship the Mayor Rachel Reese (Chairperson), Councillors Luke Acland, Ian Barker, Mel Courtney, Bill Dahlberg, Kate Fulton, Matt Lawrey, Paul Matheson, Brian McGurk, Gaile Noonan, Mike Rutledge, Tim Skinner and Stuart Walker

Quorum: 7

Nelson City Council Disclaimer

Please note that the contents of these Council and Committee Agendas have yet to be considered by Council and officer recommendations may be altered or changed by the Council in the process of making the formal Council decision.

Council Values

The Mayor and councillors held a strategic planning day on 30 November 2016 with a programme that covered key challenges and opportunities for the triennium, the values Council wished to work by, and objectives for what needed to be achieved during this term of Council.

Following are the values agreed during the planning day:

- i) Whakautetanga: valuing each other, showing respect
- ii) Kōrero Pono: honesty, integrity, trust, fidelity
- iii) Māiatanga: having courage, being bold, trail blazing, having a sense of purpose
- iv) Whakamanatanga: demonstrating excellence, raising the bar, effectiveness, resourcefulness
- v) Whakamōwaitanga: compassion, empathy, humility, servant leadership
- vi) Kaitiakitanga: stewardship
- vii) Manaakitanga: generosity of spirit, humour, fun

From Mayor's report 15 December 2016

Opening Prayer**1. Apologies**

Nil

2. Confirmation of Order of Business**3. Interests**

3.1 Updates to the Interests Register

3.2 Identify any conflicts of interest in the agenda

4. Public Forum**5. Confirmation of Minutes - Council 4 June 2019**

Document number M4261

Recommendation

That the Council

- 1. Confirms the minutes of the meeting of Council, held on 4 June 2019, as a true and accurate record.***

The minutes of the Council meeting on 4 June will be circulated under separate cover.

6. Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20**15 - 173**

Document number R10278

Recommendation

That the Council

- 1. Receives the report Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20 (R10278) and its attachments (A2213052, A2212773 and A2121185); and***
- 2. Adopts the Annual Plan 2019/20 (A2213052) pursuant to Section 95 of the Local Government Act 2002; and***
- 3. Delegates the Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the Annual Plan 2019/20 to the public; and***
- 4. Sets the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2019 and ending on 30 June 2020.***

The revenue approved below will be raised by the rates and charges that follow.

Revenue approved:

<i>General Rate</i>	<i>\$40,737,232</i>
<i>Uniform Annual General Charge</i>	<i>\$9,043,450</i>
<i>Stormwater and Flood Protection Charge</i>	<i>\$6,096,208</i>
<i>Waste Water Charge</i>	<i>\$8,719,184</i>
<i>Water Annual Charge</i>	<i>\$3,705,207</i>
<i>Water Volumetric Charge</i>	<i>\$8,645,483</i>
<i>Clean Heat Warm Homes and Solar Saver</i>	<i>\$402,996</i>
<i>Rates and Charges (excluding GST)</i>	<i>\$77,349,760</i>
<i>Goods and Services Tax (at the current rate)</i>	<i>\$11,602,464</i>
<i>Total Rates and Charges</i>	<i>\$88,952,224</i>

The rates and charges below are GST inclusive.

(1) General Rate

A general rate set under section 13 of the Local Government (Rating) Act 2002, assessed on a differential land value basis as described below:

- ***a rate of 0.51346 cents in the dollar of land value on every rating unit in the "residential – single unit" category.***
- ***a rate of 0.51346 cents in the dollar of land value on every rating unit in the "residential empty section" category.***
- ***a rate of 0.56481 cents in the dollar of land value on every rating unit in the "single residential unit forming part of a parent valuation, the remainder of which is non-rateable" category. This represents a plus 10% differential on land value.***
- ***a rate of 0.56481 cents in the dollar of land value on every rating unit in the "multi residential" category. This represents a plus 10% differential on land value.***
- ***a rate of 1.42382 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 177.3% differential on land value.***
- ***a rate of 1.19636 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 25% residential and 75% commercial" category. This represents a plus 133% differential on land value.***
- ***a rate of 0.96890 cents in the dollar of land value on every rating unit in the "commercial – excluding inner city and Stoke commercial" subject to 50% residential and 50% commercial" category. This represents a plus 88.7% differential on land value.***
- ***a rate of 0.74092 cents in the dollar of land value on every rating unit in the***

"commercial – excluding inner city and Stoke commercial" subject to 75% residential and 25% commercial" category. This represents a plus 44.3% differential on land value.

- ***a rate of 1.87208 cents in the dollar of land value on every rating unit in the "commercial inner city" subject to 100% commercial and industrial (occupied and empty) category. This represents a plus 264.6% differential on land value.***
- ***a rate of 1.53268 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 25% residential and 75% commercial" category. This represents a plus 198.5% differential on land value.***
- ***a rate of 1.19277 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 50% residential and 50% commercial" category. This represents a plus 132.3% differential on land value.***
- ***a rate of 0.85337 cents in the dollar of land value on every rating unit in the "commercial inner city subject to 75% residential and 25% commercial" category. This represents a plus 66.2% differential on land value.***
- ***a rate of 1.81765 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 100% commercial and industrial (occupied and empty)" category. This represents a plus 254% differential on land value.***
- ***a rate of 1.49160 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 25% residential and 75% commercial" category. This represents a plus 190.5% differential on land value.***
- ***a rate of 1.16555 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 50% residential and 50% commercial" category. This***

represents a plus 127% differential on land value.

- a rate of 0.83951 cents in the dollar of land value on every rating unit in the "Stoke commercial subject to 75% residential and 25% commercial" category. This represents a plus 63.5% differential on land value.*
- a rate of 0.33375 cents in the dollar of land value on every rating unit in the "rural" category. This represents a minus 35% differential on land value.*
- a rate of 0.46211 cents in the dollar of land value on every rating unit in the "small holding" category. This represents a minus 10% differential on land value.*

(2) Uniform Annual General Charge

A uniform annual general charge under section 15 of the Local Government (Rating) Act 2002 of \$435.22 per separately used or inhabited part of a rating unit.

(3) Stormwater and Flood Protection Charge

A targeted rate under section 16 of the Local Government (Rating) Act 2002 of \$330.47 per rating unit, this rate is payable by all ratepayers excluding rural rating units, rating units east of the Gentle Annie saddle, Saxton's Island and Council's stormwater network.

(4) Waste Water Charge

A targeted rate for waste water disposal under section 16 of the Local Government (Rating) Act 2002 of:

- \$477.93 per separately used or inhabited part of a residential, multi residential, rural and small holding rating units that is connected either directly or through a private drain to a public waste water drain.*
- For commercial rating units, a waste water charge of \$119.48 per separately used or inhabited part of a rating unit that is connected either directly or through a*

private drain to a public waste water drain. Note: a "trade" waste charge will also be levied.

(5) Water Annual Charge

A targeted rate for water supply under Section 16 of the Local Government (Rating) Act 2002, of:

Water charge (per connection) \$200.40

(6) Water Volumetric Rate

A targeted rate for water provided under Section 19 of the Local Government (Rating) Act 2002, of:

Price of water:

Usage up to 10,000 cu.m/year \$2.137 per m³

**Usage from 10,001 – 100,000
cu.m/year** **\$1.883 per m³**

Usage over 100,000 cu.m/year \$1.486 per m³

**Summer irrigation usage over
10,000 cu.m/year** **\$2.010 per m³**

(7) Clean Heat Warm Homes

A targeted rate per separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of:

- ***For properties levied the Clean Heat Warm Homes as a result of agreements entered into after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.***
- ***For properties levied the Clean Heat Warm Homes as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

<i>Loan Assistance Range</i>	<i>Installation after 30 Sept 2010</i>	<i>Completed prior to 30 Sept 2010</i>
<i>\$1,400 to \$1,599</i>	<i>\$140.00</i>	<i>\$143.11</i>
<i>\$1,600 to \$1,799</i>	<i>\$160.00</i>	<i>\$163.56</i>
<i>\$1,800 to \$1,999</i>	<i>\$180.00</i>	<i>\$184.00</i>
<i>\$2,000 to \$2,199</i>	<i>\$200.00</i>	<i>\$204.44</i>
<i>\$2,200 to \$2,399</i>	<i>\$220.00</i>	<i>\$224.89</i>
<i>\$2,400 to \$2,599</i>	<i>\$240.00</i>	<i>\$245.34</i>
<i>\$2,600 to \$2,799</i>	<i>\$260.00</i>	<i>\$265.78</i>
<i>\$2,800 to \$2,999</i>	<i>\$280.00</i>	<i>\$286.22</i>
<i>\$3,000 to \$3,199</i>	<i>\$300.00</i>	<i>\$306.67</i>
<i>\$3,200 to \$3,399</i>	<i>\$320.00</i>	<i>\$327.11</i>
<i>\$3,400 to \$3,599</i>	<i>\$340.00</i>	<i>\$347.56</i>
<i>\$3,600 to \$3,799</i>	<i>\$360.00</i>	<i>\$368.00</i>
<i>\$3,800 to \$3,999</i>	<i>\$380.00</i>	<i>\$388.44</i>
<i>\$4,000 to \$4,199</i>	<i>\$400.00</i>	<i>\$408.89</i>
<i>\$4,200 to \$4,399</i>	<i>\$420.00</i>	<i>\$429.34</i>
<i>\$4,400 to \$4,599</i>	<i>\$440.00</i>	<i>\$449.78</i>
<i>\$4,600 to \$4,799</i>	<i>\$460.00</i>	<i>\$470.22</i>
<i>\$4,800 to \$4,999</i>	<i>\$480.00</i>	<i>\$490.67</i>

(8) Solar Hot Water Systems

A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act 2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.***
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.***

Other Rating Information:

Due Dates for Payment of Rates

The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:

Instalment Number	Instalment Due Date	Last Date for Payment	Penalty Date
Instalment 1	1 August 2019	20 August 2019	26 August 2019
Instalment 2	1 November 2019	20 November 2019	26 November 2019
Instalment 3	1 February 2020	20 February 2020	26 February 2020
Instalment 4	1 May 2020	20 May 2020	26 May 2020

Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".

Due Dates for Payment of Water Volumetric Rates

Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

Billing Month	Last Date for Payment	Penalty Date
July 2019	20 September 2019	26 September 2019
August 2019	20 September 2019	26 September 2019
September 2019	21 October 2019	25 October 2019
October 2019	20 December 2019	8 January 2020
November 2019	20 December 2019	8 January 2020
December 2019	20 January 2020	24 January 2020
January 2020	20 March 2020	26 March 2020
February 2020	20 March 2020	26 March 2020
March 2020	20 April 2020	24 April 2020
April 2020	22 June 2020	26 June 2020
May 2020	22 June 2020	26 June 2020
June 2020	20 July 2020	24 July 2020

Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.

Commercial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

Billing Month	Last Date for Payment	Penalty Date
July 2019	20 August 2019	26 August 2019

August 2019	20 September 2019	26 September 2019
September 2019	21 October 2019	25 October 2019
October 2019	20 November 2019	26 November 2019
November 2019	20 December 2019	8 January 2020
December 2019	20 January 2020	24 January 2020
January 2020	20 February 2020	26 February 2020
February 2020	20 March 2020	26 March 2020
March 2020	20 April 2020	24 April 2020
April 2020	20 May 2020	26 May 2020
May 2020	22 June 2020	26 June 2020
June 2020	20 July 2020	24 July 2020

Penalty on Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 10% of the amount of each rate instalment remaining unpaid on the penalty date as shown in the above table and also shown on each rate instalment notice.***
- a charge of 10% will be added on 5 July 2019 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 4 July 2019.***
- a further additional charge of 10% will be added on 8 January 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 January 2020.***

Penalty on Water Volumetric Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 10% of the amount of each volumetric water rate account remaining unpaid on the penalty date as shown in***

the above table and also shown on each volumetric water rate account.

Penalty Remission

In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2019. If full payment of the annual rates is not paid by 20 November 2019 the penalties relating to the first instalment outlined above will apply.

The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.

The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.

Discount on Rates

Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2019.

Payment of Rates

The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Wednesday and Friday and 9.00am to 5.00pm Thursday.

Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due; and

- 5. Adopts the amendments to the Long Term Plan 2018-28 (A2212773) pursuant to Section 93 of the Local Government Act 2002; and***

6. ***Delegates the Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the amended Long Term Plan 2018-28 to the public.***

PUBLIC EXCLUDED BUSINESS

7. Exclusion of the Public

Recommendation

That the Council

1. ***Confirms, in accordance with sections 48(5) and 48(6) of the Local Government Official Information and Meetings Act 1987, that Wayne Wootten, of Telfer Young, remain after the public has been excluded, for Item 3 of the Public Excluded agenda (Community Services Committee - Founders Park - property purchase: Supplementary information), as he has knowledge relating to the valuation that will assist the meeting.***

Recommendation

That the Council

1. ***Excludes the public from the following parts of the proceedings of this meeting.***
2. ***The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:***

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
1	Council Meeting - Public Excluded	Section 48(1)(a)	The withholding of the information is necessary:

Item	General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Particular interests protected (where applicable)
	Minutes - 4 June 2019	The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	<ul style="list-style-type: none"> Section 7(2)(g) To maintain legal professional privilege
2	Deferred Item - Recommendation from Community Services Committee Founders Park - property purchase	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)
3	Community Services Committee - Founders Park - property purchase: Supplementary information	Section 48(1)(a) The public conduct of this matter would be likely to result in disclosure of information for which good reason exists under section 7.	The withholding of the information is necessary: <ul style="list-style-type: none"> Section 7(2)(i) To enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)

Note:

- Youth Councillors Ollie Ransom and Jessica Hamilton will be in attendance at this meeting.**

REPORT R10278

Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20

1. Purpose of Report

- 1.1 To adopt the Annual Plan 2019/20, amended Long Term Plan 2018-28 and set the rates for 2019/20.

2. Summary

2.1 Council has deliberated on the submissions to the Consultation Document for the Annual Plan 2019/20 including a proposed amendment to the Long Term Plan 2018-28 for Community Housing. The next step in the process is for Council to adopt the final Annual Plan 2019/20 and the amendment to the Long Term Plan. The Annual Plan needs to be adopted by 30 June 2019 so that the rates for 2019/20 can be set.

- 2.2 Audit New Zealand has audited the amendment to the Long Term Plan 2018-28, and the audit opinion will be tabled at the meeting.

3. Recommendation

That the Council

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- 2. Adopts the Annual Plan 2019/20 (A2213052) pursuant to Section 95 of the Local Government Act 2002; and***
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Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20

the district for the financial year commencing on 1 July 2019 and ending on 30 June 2020.

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commercial” category. This represents a plus 132.3% differential on land value.

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- ***For properties levied the Clean Heat Warm Homes as a result of agreements entered into after 1 July 2011, the targeted rate for each year for 10 years will be the total cost of the installed works excluding GST, divided by 10, plus GST.***
- ***For properties levied the Clean Heat Warm Homes as a result of agreements entered into prior to 1 July 2011 the targeted rate of:***

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<i>\$2,600 to \$2,799</i>	<i>\$260.00</i>	<i>\$265.78</i>
<i>\$2,800 to \$2,999</i>	<i>\$280.00</i>	<i>\$286.22</i>
<i>\$3,000 to \$3,199</i>	<i>\$300.00</i>	<i>\$306.67</i>
<i>\$3,200 to \$3,399</i>	<i>\$320.00</i>	<i>\$327.11</i>
<i>\$3,400 to \$3,599</i>	<i>\$340.00</i>	<i>\$347.56</i>
<i>\$3,600 to \$3,799</i>	<i>\$360.00</i>	<i>\$368.00</i>
<i>\$3,800 to \$3,999</i>	<i>\$380.00</i>	<i>\$388.44</i>
<i>\$4,000 to \$4,199</i>	<i>\$400.00</i>	<i>\$408.89</i>
<i>\$4,200 to \$4,399</i>	<i>\$420.00</i>	<i>\$429.34</i>
<i>\$4,400 to \$4,599</i>	<i>\$440.00</i>	<i>\$449.78</i>
<i>\$4,600 to \$4,799</i>	<i>\$460.00</i>	<i>\$470.22</i>
<i>\$4,800 to \$4,999</i>	<i>\$480.00</i>	<i>\$490.67</i>

(8) Solar Hot Water Systems

A targeted rate for any separately used or inhabited parts of a rating unit that has been provided with financial assistance to install a solar hot water system under Section 16 of the Local Government (Rating) Act

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2002 in accordance with agreement of the original ratepayer, of the following factors on the extent of provision of service (net cost of the work including GST after deducting EECA grant, plus funding cost):

- **0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST.**
- **0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.**

Other Rating Information:

Due Dates for Payment of Rates

The above rates (excluding water volumetric rates) are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable in four instalments on the following dates:

Instalment Number	Instalment Due Date	Last Date for Payment	Penalty Date
Instalment 1	1 August 2019	20 August 2019	26 August 2019
Instalment 2	1 November 2019	20 November 2019	26 November 2019
Instalment 3	1 February 2020	20 February 2020	26 February 2020
Instalment 4	1 May 2020	20 May 2020	26 May 2020

Rates instalments not paid on or by the Last Date for payment above will incur penalties as detailed in the section "Penalty on Rates".

Due Dates for Payment of Water Volumetric Rates

Residential water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

Billing Month	Last Date for Payment	Penalty Date
July 2019	20 September 2019	26 September 2019
August 2019	20 September 2019	26 September 2019
September 2019	21 October 2019	25 October 2019
October 2019	20 December 2019	8 January 2020
November 2019	20 December 2019	8 January 2020
December 2019	20 January 2020	24 January 2020
January 2020	20 March 2020	26 March 2020
February 2020	20 March 2020	26 March 2020
March 2020	20 April 2020	24 April 2020
April 2020	22 June 2020	26 June 2020
May 2020	22 June 2020	26 June 2020

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June 2020	20 July 2020	24 July 2020
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Special (final) water volumetric rates will be payable 14 days from the invoice date of the special (final) water reading as shown on the water invoice.

Commercial water volumetric rates are payable at the Nelson City Council office, 110 Trafalgar Street, Nelson and shall be payable on the following dates:

<i>Billing Month</i>	<i>Last Date for Payment</i>	<i>Penalty Date</i>
<i>July 2019</i>	<i>20 August 2019</i>	<i>26 August 2019</i>
<i>August 2019</i>	<i>20 September 2019</i>	<i>26 September 2019</i>
<i>September 2019</i>	<i>21 October 2019</i>	<i>25 October 2019</i>
<i>October 2019</i>	<i>20 November 2019</i>	<i>26 November 2019</i>
<i>November 2019</i>	<i>20 December 2019</i>	<i>8 January 2020</i>
<i>December 2019</i>	<i>20 January 2020</i>	<i>24 January 2020</i>
<i>January 2020</i>	<i>20 February 2020</i>	<i>26 February 2020</i>
<i>February 2020</i>	<i>20 March 2020</i>	<i>26 March 2020</i>
<i>March 2020</i>	<i>20 April 2020</i>	<i>24 April 2020</i>
<i>April 2020</i>	<i>20 May 2020</i>	<i>26 May 2020</i>
<i>May 2020</i>	<i>22 June 2020</i>	<i>26 June 2020</i>
<i>June 2020</i>	<i>20 July 2020</i>	<i>24 July 2020</i>

Penalty on Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises the following penalties on unpaid rates (excluding volumetric water rate accounts) and delegates authority to the Group Manager Corporate Services to apply them:

- a charge of 10% of the amount of each rate instalment remaining unpaid on the penalty date as shown in the above table and also shown on each rate instalment notice.***
- a charge of 10% will be added on 5 July 2019 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 4 July 2019.***
- a further additional charge of 10% will be added on 8 January 2020 to any balance from a previous rating year (including penalties previously charged) remaining outstanding on 7 January 2020.***

Penalty on Water Volumetric Rates

Pursuant to Sections 57 and 58 of the Local Government (Rating) Act 2002, the council authorises

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the following penalties on unpaid volumetric water rates and delegates authority to the Group Manager Corporate Services to apply them:

- ***a charge of 10% of the amount of each volumetric water rate account remaining unpaid on the penalty date as shown in the above table and also shown on each volumetric water rate account.***

Penalty Remission

In accordance with Council's rate remission policy, the Council will approve the remission of the penalty added on instalment one due to late payment provided the total annual rates are paid in full by 20 November 2019. If full payment of the annual rates is not paid by 20 November 2019 the penalties relating to the first instalment outlined above will apply.

The above penalties will not be charged where Council has agreed to a programme for payment of outstanding rates.

The Group Manager Corporate Services is given discretion to remit rates penalties either in whole or part in accordance with Council's approved rates remission policy, as may be amended from time to time.

Discount on Rates

Pursuant to Section 55 of the Local Government (Rating) Act 2002, the Council will allow a discount of 2.0 percent of the total rates (excluding volumetric water rates) where a ratepayer pays the year's rates in full on or before the Last Date for Payment for instalment one being 20 August 2019.

Payment of Rates

The rates shall be payable at the Council offices, Civic House, 110 Trafalgar Street, Nelson between the hours of 8.30am to 5.00pm Monday, Tuesday, Wednesday and Friday and 9.00am to 5.00pm Thursday.

Where any payment is made by a ratepayer that is less than the amount now payable, the Council will apply the payment firstly to any rates outstanding from previous rating years and then proportionately across all current year rates due; and

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5. Adopts the amendments to the Long Term Plan 2018-28 (A2212773) pursuant to Section 93 of the Local Government Act 2002; and

6. Delegates the Mayor and Chief Executive to make any necessary minor editorial amendments prior to the release of the amended Long Term Plan 2018-28 to the public.

4. Background

- 4.1 Council consulted from 29 March to 2 May 2019 on the Annual Plan 2019/20 through its Consultation Document. The Consultation Document, supporting documents and proposed amendment to the Long Term Plan 2018-28 for Community Housing were made available on Council's website, at Nelson Public Libraries and the Customer Service Centre, and a summary was delivered to all Nelson households through a special edition of Our Nelson.
- 4.2 There were 364 submissions received, including 79 submissions on the proposed amendment to Community Housing and three late submissions. Hearings were held on 14, 15 and 16 May and 77 people took the opportunity to speak to their submissions. At the deliberations meeting Council considered the submissions and made decisions on a wide range of matters. These decisions have been incorporated into the Annual Plan 2019/20 (attachment A2213052).
- 4.3 After consultation on the proposed amendment to the Long Term Plan 2018-28 for Community Housing the following resolutions were passed,

Resolved CL/2019/001

That the Council:

- 1. Receives the report Community Housing Deliberations Report (R10151) and its attachment (A2198830); and*
- 2. Approves the divestment of Council's community housing assets, conditional on a sale and purchase agreement (or agreements) which achieves, in Council's assessment, an appropriate level of protection for both tenant wellbeing and ratepayer interests; and*
- 3. Directs the Chief Executive to develop a negotiating brief for approval by Council before discussions with interested parties commence; and*
- 4. Notes that the key elements of the sale and purchase agreement will be approved by Council, taking into*

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account all of the input and issues raised by submitters, before any divestment occurs; and

5. *Requests officers to ensure tenants are kept appropriately informed of the process throughout; and*
6. *Approves the preparation of a subsequent amendment to the Long Term Plan 2018-28 for Audit New Zealand approval; and*
7. *Notes that the amended Long Term Plan 2018-28 will be brought to Council on 27 June 2019 for adoption.*

5. Discussion

Annual Plan 2019/20

- 5.1 The Annual Plan 2019/20 is presented for Council to adopt.

The Annual Plan wording reflects the decisions made as part of the deliberations process.

The final increase in rates required, after allowing for growth in the rating base, is 4.2%, which is the same as what was proposed in the Consultation Document for the Annual Plan. The forecast net debt at the end of June 2020 is \$91.7m. The respective figures for 2019/20 in the Long Term Plan 2018 – 28 (LTP) were a rates rise of 3.9% and net debt of \$121.5m.

Amendment to the Long Term Plan 2018-28 for Community Housing

Council also needs to adopt the amendment to the Long Term Plan 2018-28 (LTP) for the Community Housing decision. The log of changes to the LTP is attached (A2121185) as well as copies of all pages that have been amended (A2212773). Following Council approval of these changes the audit opinion from Audit New Zealand will also be updated.

Amendments to the LTP include a change to Council's Significance and Engagement Policy to remove community housing from its list of strategic assets and updates to the Financial Strategy. Corresponding changes will be made to the standalone versions of these Policies.

Setting of the Rates and Charges

- 5.2 Following adoption of the Annual Plan 2019/20 Council needs to pass a resolution to set the rates for the 2019/20 financial year. This resolution must be passed after the Annual Plan is adopted.

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Letters to submitters

- 5.3 Once Council has adopted the Annual Plan 2019/20, responses will be sent to submitters. These responses will be based on information provided to, and the discussions at, the deliberations meeting. Committee Chairs will review the letters before they are sent.

6. Options

Annual Plan 2019/20

- 6.1 Council can, as recommended, adopt the Annual Plan 2019/20 and set the rates for the 2019/20 financial year. Alternatively, Council could ask that further amendments be made to budgets and/or the Annual Plan 2019/20, and that updated documents and resolutions be brought back to a future Council meeting.
- 6.2 Adopting the Annual Plan and setting the rates is the preferred option. The alternative would mean that Council would not be able to set rates for 2019/20 by 1 July 2019, and a further consultation process and may be required. The resolution provides for minor amendments to be approved by the Mayor and Chief Executive.

Long Term Plan 2018-28

- 6.3 Council can adopt the amendment to the Long Term Plan 2018-28, or could ask that further changes be made to the document and that an updated document be brought back to a future Council meeting.
- 6.4 Adopting the amendment to the Long Term Plan 2018-28 is the preferred option. The alternative would mean that a further consultation process may be required and a new audit undertaken.

7. Conclusion

- 7.1 It is recommended that Council adopt the Annual Plan 2019/20 and the amendment to the Long Term Plan 2018-28 and set the rates for the 2019/20 financial year.

Author: Mark Tregurtha, Manager Strategy

Attachments

- Attachment 1: Annual Plan 2019/20 (A2213052) [↓](#)
- Attachment 2: Long Term Plan 2018-28 amendments for community housing (A2212773) [↓](#)
- Attachment 3: Change log for amendments to the Long Term Plan 2018-28 for community housing (A2121185) [↓](#)

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Important considerations for decision making
1. Fit with Purpose of Local Government <p>Adopting the Annual Plan 2019/20 and the amendment to the Long Term Plan 2018-28 for Community Housing fits with the purpose of local government as it sets out how Council will deliver infrastructure, services, regulatory functions and other services during 2019/20 and how rates will be set to achieve this.</p>
2. Consistency with Community Outcomes and Council Policy <p>The Annual Plan process supports all the Community Outcomes, particularly that:</p> <ul style="list-style-type: none">• Our Council provides leadership and fosters partnerships, a regional perspective, and community engagement.
3. Risk <p>Given the diversity of views expressed by submitters there are some decisions that not all members of the public would agree with. However, the thorough consultation undertaken mitigates this risk and all submitters will receive a customised letter explaining Council's decisions.</p>
4. Financial impact <p>The adoption of this Annual Plan will result in a final increase in rates required, after allowing for growth in the rating base, is 4.2%. The forecast net debt as at 30 June 2020 is \$91.7 million.</p> <p>Through the adoption of this Annual Plan, Council plans to meet the financial benchmarks included in the Annual Plan disclosure statement.</p>
5. Degree of significance and level of engagement <p>This report relates to the adoption of the final Annual Plan 2019/20, the setting of rates for 2019/20, and amendments to the Long Term Plan 2018-2028. These matters are considered to be low significance, as the key decisions on submissions were made as part of the 4 June 2019 deliberations meeting.</p> <p>The matters considered under the Annual Plan Consultation Document and the proposed amendment to Long Term Plan 2018-2028 (relating to community housing) were, by comparison, of medium to high significance. That assessment reflected that the proposals directly impacted on all Council work, would determine the level of rates for the 2019/20 year, and related to the divestment of a strategic asset (community housing) thereby requiring an amendment to the long term plan.</p>

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Under the Local Government Act 2002 (the Act), local authorities are required to consult prior to adoption of an annual plan only if it proposes significant or material differences from the long term plan (section 95(2A)). Furthermore, in general there is no requirement to undertake a special consultative procedure. In this case, however, consultation on an amendment to the long term plan was undertaken at the same time as consultation on the annual plan, triggering the requirement under section 95B of the Act to undertake a special consultative procedure. Council has undertaken this process and met the requirements of the Act.

The content of the Annual Plan Consultation Document and proposed amendment to the Long Term Plan 2018-28 were of medium to high significance for many members of the public. This assessment reflects that the proposals in these plans directly impact on all of Council's work, the strategic asset of community housing, as well as the rates for the 2019/20 year.

6. Inclusion of Māori in the decision making process

The following submissions were made by iwi or iwi owned organisations, Ngāti Tama ki Te Waipounamu Trust, Te Matua Trust and Koata Ltd to the Annual Plan Consultation Document.

7. Delegations

The preparation and adoption of an Annual Plan, setting of rates and amending the Long Term Plan are decisions for Council.



Annual Plan 2019/20

Variations to Year 2 of the Long Term Plan 2018-28

Including an amendment to the Long Term Plan 2018-28 for community housing.

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About this Annual Plan

Council's major planning document for the current period is the Long Term Plan 2018-28. The Long Term Plan sets out Council's planned priorities and spending for ten years from 2018.

This 2019/20 Annual Plan provides an update to the Long Term Plan, highlighting the reasons for any changes to Council's work programme for Year 2 (2019/20) of the Long Term Plan and the impact those changes will have on rates and debt.

This Annual Plan is an exceptions document i.e. it only details changes to the Long Term Plan and does not include projects that are proceeding as planned. To fully understand this Annual Plan, you may find it helpful to read it alongside the Long Term Plan 2018-28, which contains a detailed explanation of Council's work programme. This Annual Plan is set out in the same order as the Long Term Plan 2018-28 to make it easy to compare the two documents. Following the introductory sections, there is discussion of changes within each of Council's ten activity areas. This is followed by financial information and tables setting out the planned expenditure for the 2019/20 year.

Copies of the Long Term Plan 2018-28 can be viewed at the Council Customer Service Centre at 110 Trafalgar Street, at any of our public libraries or on our website nelson.govt.nz

Mayor's message

E ngā mana, e ngā reo

E ngā rau rangatira mā

Tēnā koutou katoa

Our Long Term Plan set four key priorities to guide us over the next ten years. These are: future-proofing core infrastructure, protecting and enhancing our natural environment, developing our City Centre, and lifting Council performance. This Annual Plan outlines our continued commitment to delivering a balanced programme of projects that support these priorities

The Long Term Plan also focused on the importance of working in partnership. Throughout the last year we have continued to work together to strengthen our relationship with iwi and the marae. The Council is committed to continue working with the eight iwi of Te Tau Ihu to progress and strengthen this partnership through collaborative engagement and decision making throughout this next year and beyond.

The Annual Plan also maintains the financial strategy that we consulted on through the Long Term Plan. This includes our commitment to carefully manage rate increases and debt within capped levels. These caps were set at a conservative level while ensuring that we can continue to invest in our city. Our Long Term Plan projection for 2019/20 was 3.9% rates increase after an allowance for growth, and \$121.5 million Total Net Debt. Caps were set at 4.3% for rates and \$173.4 million Total Net Debt for this financial year.

This Annual Plan has an average rates rise of 4.2%, after allowing for growth, which is 0.3% higher than projected in the Long Term Plan but still remains within the rates cap. Total Net Debt is forecast to be \$91.9 million, which is \$29.6 million less than projected in the Long Term Plan.

A strong area of focus for our Annual Plan 2019/20 is climate change. Council recognises that climate change presents key challenges for our region, and will drive a need for greater mitigation (reducing net greenhouse gas emissions), adaptation (adjusting to the effects of climate change), innovation and resilience. We have already acted decisively in this space, with our declaration of a Climate Emergency, making us one of the first councils in New Zealand to do so. Our vision is to be Nelson the Smart Little City and climate change leadership requires smart thinking and proactive decision-making. We have allocated \$254,500 of operational funding in our Annual Plan, and created a reserve of

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\$500,000, for undertaking actions to address climate change. The allocated funding of \$254,500 will be used to establish a climate forum, a climate taskforce, and appointing a new climate champion. The reserve was created through utilising the Port Nelson special dividend, received in 2018/19. The climate forum was supported by a number of submitters and will involve collaboration between local and central government, iwi, business, industry and scientific sectors. It will focus on emissions reduction, adaptation and resilience. Tasman District Council has confirmed that it would be interested in a joint forum given the benefits of a regional approach.

We also continue our focus on the City Centre. This year we will design and scope a range of projects to support and develop existing precincts and link them to Nelson's outstanding natural and cultural environment. We are also working to improve walkability and liveability, and encourage high quality development and investment. Building on the success of the upper Trafalgar Street summer closure, a series of trials will be undertaken to use laneways, and promote hospitality and events. This will contribute to the City Centre being an exciting and attractive place to enjoy throughout the year. It will also build momentum as we work towards a refreshed City Centre Plan.

Outside of the City Centre, we are continuing to invest in the wide range of parks and recreation facilities that offer so much enjoyment to the community. This wide range of projects includes ongoing weed control in the Grampians Reserve, and investigation of an all-weather artificial turf.

Council recognises the need to support all of our citizens, including the most vulnerable, so a \$50,000 increase in our funds allocation will support social development partnerships in Nelson.

The demand for subsidised housing continues to grow and we need ways to increase supply to tackle this shortage. As a result, Council has agreed to consider future divestment of its community housing portfolio to one or more experienced, local providers. This will allow the upgrading and expansion of community housing by groups which can access government and other funding for which Council is not eligible. This is conditional on a sale and purchase agreement/s that provides an appropriate level of protection for both tenant wellbeing and ratepayer interests. There will be no sudden changes for tenants, and should the housing get a new owner, the transition process will be carefully managed. I can reassure tenants that their wellbeing will be at the centre of our discussion with interested parties and we will keep them informed throughout the process.

Our city, community and environment all depend on our core infrastructure networks to provide safe and smart transport, water, wastewater, stormwater, and flood protection. Council is putting essential infrastructure at the forefront to future-proof our city. Council also recognises investing in the environment is essential for our future. Kia whakatu tike te tai ao me te tai ao tiaki te tai ao – if the environment is kept well and strong it will look after itself and us.

I am looking ahead to 2019/20 with renewed confidence and optimism. This Annual Plan allows us to leverage our resources to shape an exceptional place to live, work and play. That sense of whanaungatanga (connection and working together) bodes very well as we deliver this year's Annual Plan, tackle the climate change challenge, and maintain our long term aspirations for this special corner of the world - Nelson the smart little city - he tāone tōrire a Whakatū.

Nō reira,

Tēnā koutou, tēnā koutou, tēnā koutou katoa

Rachel Reese

MAYOR OF NELSON

Chief Executive's message

For some time prior to the development of the Long Term Plan Council had been concerned that, although very committed, our staff were facing unsustainable volumes of work. This had significant implications for their ability to deliver for the community and, in many cases, also for their individual wellbeing. Internal surveys told us that, while staff were proud of Nelson and want to serve the community, too many were dissatisfied with the Nelson City Council as a place to work. Staff turnover rates were consequently high, at 18.7% for 2017. Something needed to change.

To address this, Council identified lifting performance as one of four top priorities in our Long Term Plan. We have already set about appointing new staff in critical roles, addressing pay disparities, and improving systems to ensure greater delivery and accountability. However, the process is not yet complete. The Long Term Plan proposed a three year period to address staffing issues, but this Annual Plan is allowing the work to be accelerated.

Investing in the retention of existing staff and recruitment of additional staff is essential if Council is to fulfil its commitments to Nelson and position our city effectively now and into the future. On behalf of our community, we want to fully capitalise on opportunities to maintain and enhance Nelson as a first rate place to live, work, and visit. We thank you for your support in enabling us to do so.

Pat Dougherty

CHIEF EXECUTIVE

Setting the rates

In the Consultation Document, Council proposed an overall increase in rates of 4.2%. Following community consultation, Council heard submitters, deliberated on all the feedback received and then made decisions on the Annual Plan 2019/20 to confirm the final rates increase at 4.2% after allowing for growth in the rating base.

For further information on how Council sets its rates and charges, please refer to the Funding Impact Statement section of this Annual Plan.

Capital Works Programme and Operating Costs

The supporting documents for the Annual Plan Consultation Document proposed a capital expenditure programme of \$46.8 million. Following consideration of submissions to the Plan and updated information Council confirmed a final capital works programme of \$46.7 million. The main changes are set out in each activity section.

Capital expenditure is generally expenditure on assets that are expected to last more than one year. An increase in capital expenditure of \$1 million increases rates by between \$100,000 and \$250,000 per annum. This covers interest, depreciation, maintenance and running costs for the asset. The reason for the range of increased costs is that depreciation and running costs vary between different assets, for example library books wear out much faster than pipes in the ground, which can last for over 80 years before they need to be replaced.

Operating costs include expenditure for items such as staff costs and overheads, asset maintenance, running costs and depreciation, interest on borrowings, and grants made by Council. An increase of \$100,000 in operating costs increases rates by 0.14%, or to put it another way, 1% of rates is \$736,000. So, by considering the impact of increasing or decreasing Council expenditure you can estimate what effect any changes to our work programme will have on rates.

Council activities

Council has eleven activity areas:

- Transport
- Water supply
- Wastewater
- Stormwater
- Flood protection
- Solid Waste
- Environment
- Social
- Parks and active recreation
- Economic
- Corporate

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Each of these activities is summarised in the following pages with comments on the major changes to Year 2 (2019/20) of the Long Term Plan 2018-28.

The four priorities

Variations to the 2019/20 work programme

The following sections cover the significant or material changes in activity areas from what was stated in Year Two (2019/20) of the Long Term Plan 2018-28. The amounts mentioned in this section are mostly capital expenditure, and are normally funded by loan. Where the expenditure is operational expenditure, and funded from rates or charges, this is mentioned.

Following a review of projects that were included in Year 2 (2019/20) of the Long Term Plan 2018-28, Council has made a number of changes to the schedule of work for this year. Overall, these changes have had only a minor impact on the overall value of the total capital works programme for 2019/20. The main changes to projects that have had a timing change are listed in the activity sections

Community Housing Consultation

During consultation of the Annual Plan, we also included a proposal to amend Council's Long Term Plan 2018-28 to provide for divesting* Council's 142 community housing units.

We recognise the need for social housing continues to grow and is a very important issue to Council. We have looked at how we can enable more social housing and wellbeing in our community, and believe that the best option is to work with organisations that bring specialist housing expertise and have opportunities to access government and other funding sources, not available to Council. This was on the basis of Council's proposal which aimed to improve the wellbeing of existing and future tenants and increase the amount of subsidised housing available in Nelson.

Public consultation on the proposal was undertaken as part of the Annual Plan, using a special consultative procedure. Following the submission process and deliberations, Council made the decision to divest Council's community housing assets, conditional on a sale and purchase agreement (or agreements) which achieves, in Council's assessment, an appropriate level of protection for both tenant wellbeing and ratepayer interests.

The provider will be either a government agency or a community housing provider registered with the government. To ensure they have a good understanding of the Nelson community, Council will only divest to a provider that has a local presence.

Council intends that up to book value of 8.382 million from divesting community housing assets would be used to fund future work on housing in Nelson (with any remainder being used to pay down debt). Our aim is to work with partners who have the ability to deliver housing solutions for the community and support their efforts.

*What is divesting?

In this document, the word 'divest' encompasses the sale of the assets but also allows for the transfer of the assets from Council ownership by other means. For example, Council could sell the bulk of the portfolio, but subdivide a portion for smaller partners to develop.

Wakatu Square Consultation

Alongside the Annual Plan, Council undertook a concurrent special consultative procedure on the potential sale of a section of the eastern end of Wakatu Square and Wakatu Lane to a Council investor for the purpose of developing an integrated shopping precinct. An integral part of the project was securing an anchor tenant as part of the development.

The investor has since advised Council it no longer wishes to pursue the purchase as it has not secured an anchor tenant.

Climate Change

Climate change presents a significant challenge for our region

Climate change is a significant and urgent international, national, and local issue. Together with the rest of the world, New Zealand will face significant challenges from the effects of a changing climate. Projections suggest that in our lifetime Nelson will experience changes such as more frequent and more severe storms, droughts, rainfall and heat events, sea level rise, acidification of the oceans, greater spread of weeds and pests, and a more challenging environment for agricultural and horticultural production.

Scientists and the United Nations have told us that we have a small window of opportunity to prevent the most damaging effects of climate change. Doing so will require emissions reductions of 45% from 2010 levels by 2030, then reducing to net zero emissions by 2050. Achieving these reductions will require changes in all aspects of society in order to reduce our net emissions (referred to as "mitigation"). We will also need to adapt to the effects of climate change (referred to as "adaptation").

In taking measures to address climate change, Nelson will be joining a global collective effort. Efforts are underway worldwide at all levels of society, including by international organisations, national and local governments, and a wide range of other stakeholders such as businesses, schools, and community groups.

[Text box: Quick Facts on Climate Change:

1. The concentration of greenhouse gases in the earth's atmosphere is directly linked to the average global temperature on earth
2. The concentration has been rising steadily, and average global temperatures along with it, since the time of the Industrial Revolution
3. The most abundant Green House Gas (GHG), accounting for about two-thirds of GHGs, is carbon dioxide (CO₂), which is largely the product of burning fossil fuels].

What are the potential benefits of climate action?

Building a climate-friendly, low emissions society and economy is a big challenge, but also an opportunity. Many of the necessary technologies already exist; the real challenge is to apply them. Research suggests that developing low emissions economies while tackling climate change can prevent higher costs associated with climate change and deliver economic benefits. The benefits of climate action could include:

- new and 'green' jobs
- improved competitiveness
- improved urban air quality
- improved comfort and lower health risks
- improvements in biodiversity
- new technologies such as electric cars and energy-efficient buildings
- secure supplies of energy and other resources.

What you told us

During consultation on this Annual Plan, the majority of submissions received on climate change welcomed Council's increasing focus on the issue. They also called for Council to do more, and accelerate its response, including committing more funding to climate change initiatives. Several

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submissions also called on Council to declare a climate emergency.

[Text box: Nelson City Council declared a climate emergency on 16 May 2019. In doing so, we joined over 528 councils in nine countries, as well as the UK and Irish Parliaments. Several other councils in New Zealand have also declared a climate emergency. The declaration of a climate emergency does not have legal effect and does not create any formal duties for action. However, it highlighted Council's commitment to play a key role in leading the community toward a resilient, low emissions future].

[Text box: *Climate Change Declaration*

Nelson City Council:

1. Publicly declares that the world is in a state of climate emergency that requires urgent action by all levels of government; that human-induced climate change represents one of the greatest threats to humanity, civilisation, other species, and the life-supporting capacity of air, water, soil, and ecosystems; and that it is possible to prevent the most harmful outcomes, if societies take sustained emergency action, including local councils.
2. Recognises that the potential for technology, expertise and capacity exists for humans to mitigate and adapt to this global challenge, but that collaboration and action is essential.
3. Commits to examine how Council's plans, policies and work programmes can address the climate emergency and ensure an emergency strategy is embedded into all future Council strategic plans.
4. Prioritises collaboration with the Government, other councils and Governing Bodies, iwi, business, industry and scientific sectors, and with the wider community, in order to maximise collective action that will achieve climate change, mitigation, adaptation and resilience.
5. Recognises that transparency and accessibility of climate change information, along with education and participatory community engagement in collective action, will be essential to achieve climate change mitigation, adaptation and resilience].

What we're doing

Council has approved a total of \$254,500 for climate change initiatives, which will be used to:

- Establish a Climate Forum and a Climate Taskforce. This will enable us to work with the community, including businesses, investors, and iwi, and with other stakeholders such as central government to address the challenges of, and seize any opportunities associated with, climate change.
- Appoint a dedicated Council staff member to coordinate and oversee a climate change work programme. This will include support for the Climate Forum and Climate Taskforce, as well as measures to integrate climate change considerations across Council decision-making and strategic planning.
- Measure and reduce Council's organisational greenhouse gas emissions through our participation in the Certified Emissions Management and Reduction Scheme and investigate how to measure community emissions.

In addition, Council also decided to establish a \$500,000 reserve from the special dividend received in 2018/19 from the Port Company for further climate initiatives and actions. This will enable Council to respond to good ideas put forward by our community or identified by Council that assist us in meeting climate change mitigation and adaptation objectives.

City Centre Development

Nelson City is a major centre of employment for the region and is a popular destination for visitors. In the past year, we have hosted four major events that each attracted over 20,000 attendees.

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Our proposed plans include central activation and an urban park to bring people to the City Centre for longer periods of time and therefore support local businesses, including cafes, restaurants and retail.

Our City Centre is relatively compact so it makes sense to focus on how people move around the city, ensuring that people can get where they need to go, easily on foot. These projects will be considered alongside improved mobility and walking spaces around the city and public transport options. Our work programme will focus on the following six themes:

These key focus areas are:

1. **Destination Nelson** – A people-focused City Centre expressing its unique identity hosting major events, and supporting and growing existing precincts including The Haven/Waterfront, Riverside, Civic, Justice, Medical/Professional, Arts, Learning, Shopping/Hospitality.
2. **Walkable Nelson** – Well designed areas and laneway links in order to easily move about the City Centre on foot (Upper Trafalgar, Church Street, Laneway Circuit and amenity standards).
3. **Blue Green Heart** – Integrating frameworks linking Nelson's City Centre to its iconic natural environment in order to deliver meaningful social spaces with areas that appeal to all ages (City Centre Urban Park, Marina link, River walk and street trees).

City Centre Park / Rutherford Park

The Long Term Plan included a play space development in Rutherford Park. As part of the City Centre Programme, we will transfer the funding from this project to incorporate a play space in the City Centre.

As enhancement of the City Centre is considered a higher priority, Council will reallocate the \$20,000 from Rutherford Park to the City Centre Programme for 2019/20. This will cover feasibility and location assessments, with construction to follow in successive years.

4. **Smart Development** – Attracting and enabling high quality development that supports our vision and positively contributes to the City Centre.
5. **Liveable Centre** – Trends across New Zealand show a desire by some to live in close proximity to safe urban centres that offer a diverse selection of amenities including retail, restaurants and bars, and cultural and arts facilities.
6. **Clever Business** – Supporting local businesses that contribute to Nelson's identity and sense of place to attract customers and visitors to the City Centre. This year, we are proposing to launch Meanwhile Spaces, a concept of using temporarily vacant buildings to house arts organisations, start-ups, community organisations and charities. An additional \$50,000 is included for this project in 2019/20.

These themes will be brought together in a City Centre Vision and City Centre Plan. This will serve as a framework to help prioritise projects in the City Centre.

Building on the success of the upper Trafalgar Street summer closure, we will roll out a series of trials over the next couple of years to engage the City Centre community, use laneways, promote hospitality and events, celebrate winter, and build momentum for future developments.

Iwi and Council Partnership

Council and iwi are committed to working together. In 2019/20, the Iwi-Council Partnership Group are meeting quarterly to discuss the review of the joint Memorandum of Understanding between Tangata Whenua o Whakatū and Council, as well as to develop an Iwi Engagement and Partnership Strategy. The Iwi-Council Partnership Group includes representatives of each of the eight Te Tau Ihu (top of the south) iwi (Ngāti Kuia, Rangitāne, Ngāti Apa Ki te Rā Tō, Ngāti Koata, Ngāti Rārua, Ngāti Toa Rangatira, Ngāti Tama and Te Āti Awa), the Mayor, and three Council elected members.

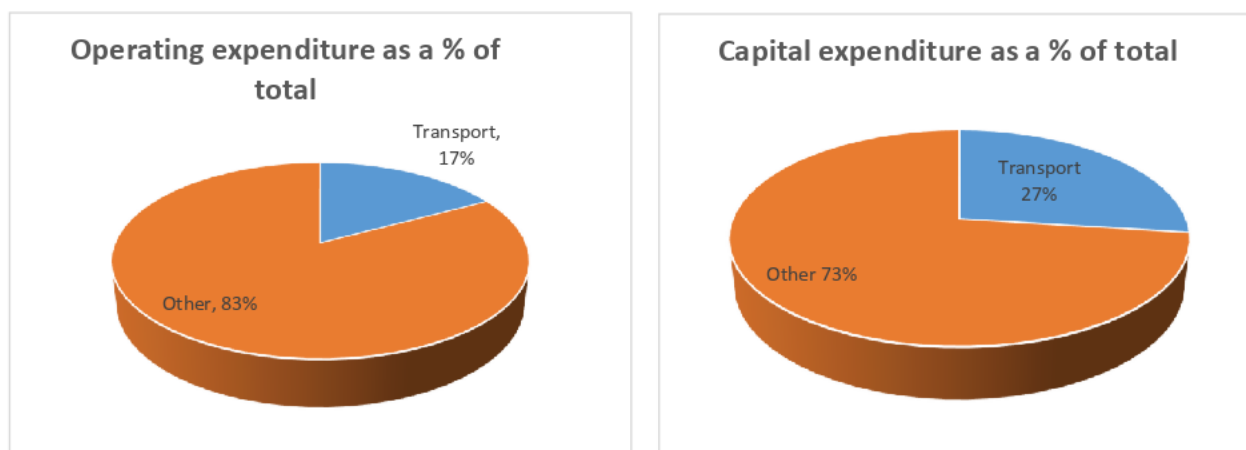
A work programme that iwi and the Nelson, Marlborough and Tasman Councils are developing for 2019/20, includes economic strategies and applications for funding from the government Provincial Growth Fund.

A key objective for our work together is to improve engagement and communication, and strengthen the iwi-Council partnership.

Transport

Council's transport assets and services include the provision, operation and maintenance of physical infrastructure and the environment on road reserves for driving, cycling and walking. Council also manages road safety, parking control, traffic control and public transport services within the transport activity.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the transport activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the transport activity since the Long Term Plan 2018-28 was adopted.

The figures below are the cost, before New Zealand Transport Agency subsidies of up to 51% are applied:

- Cross-Town Links - a cycle link from the Brook and Nelson East to Nelson Intermediate will make it easier and safer to use your bike. In 2019/20 we have budgeted \$150,000 in order to identify the best options, and carry out related public consultation and business case work.
- Waimea Road/Hampden Street Intersection - As part of the cycle and intersection safety initiative, we will be spending \$20,000 in 2019/20 to identify a preferred solution to address the site intersection safety issues. The balance of the \$255,500 included in the Long Term Plan will be allocated once this has occurred.
- Main Road Stoke Cycleway - Saxton Creek to Champion Road - Design work for the cycleway from Saxton Creek to Champion Road is scheduled for completion in the 2018/19 year, with construction work to follow in 2019/20 and 2020/21. The budget has been altered from the Long Term Plan, bringing the total 2019/20 budget to \$15,000.
- Maitai shared path to Nelson East - We will be investigating the best route to improve cycling and walking options in Nelson East and have increased the budget by \$69,000 in 2019/20 to cover the business case, design and consent by consultants, bringing the total budget for 2019/20 to \$120,000.
- Toi Toi Street - This project covers the design and upgrade of the road for subdivision growth and resilience of the network. The budget for 2019/20 has been increased from \$81,000 in the Long Term Plan to \$125,000 in the Annual Plan. Immediate safety issues are being addressed from another subsidised budget.
- Maitai Valley Road shared path modifications - A shared cycle path from the Maitai Valley to Nile Street will provide a safe, off-street option for cyclists and is expected to be completed in

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2019/20. The \$110,000 allocated for this work in 2018/19 has been moved to the 2019/20 year in order to allow more time for negotiations with landowners.

Champion Road Roundabout and Underpass

In conjunction with the Champion Road roundabout upgrade, an underpass for walkers and cyclists is proposed for construction in 2020, making it easier and safer for people to cross the road.

This project is being managed by the Tasman District Council and is subject to approval from Tasman District Council and the New Zealand Transport Agency. The majority of the funding for this project is through the developer of the supermarket (corner of Salisbury and Champion Roads), the New Zealand Transport Agency and the Tasman District Council. Nelson City Council are contributing funding to this project and have already committed \$150,000 to the intersection upgrade and an additional \$320,000 is required for the underpass to be constructed, increasing our total capped contribution to \$470,000 in the 2019/20 year.

NBus

Council is part of a collaboration of eight regional and unitary councils, to purchase a smarter, integrated ticketing solution for people travelling on buses. The system will allow passengers to purchase electronic cards with a preloaded value that they will swipe when they move on and off the bus. The electronic cards can be topped up online, at Council libraries and at Nelson Coachlines.

The electronic ticketing project is underway and it is envisaged that the system will be operational in late 2019. In line with electronic ticketing going live, there will be changes to fares and zones. There have been delays with the European-based supplier developing the complex software, however the supplier is treating this as a matter of priority. This has necessitated in bringing \$190,000 forward from 2018/19 into the 2019/20 year to support the project.

Renewing Parking Meters

In order to minimise the reduction in carparking income, the replacement of Councils ageing parking meters is planned to take place in 2019/20.

The renewal of the parking meter was scheduled to take place over two financial years at an estimated cost of \$867,000, with \$580,000 budgeted for 2019/20. To ensure that the parking meters are renewed in 2019/20, we will be bringing forward \$287,000 from 2020/21 to 2019/20.

Seafield Terrace Remedial Wall

Bank strengthening work and the upgrade of Seafield Terrace will be completed after considerable damage occurred during the 2018 cyclones. Design is scheduled for completion in 2018/19 and \$1.33 million is budgeted in 2019/20 to cover consent and construction costs.

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Transport Funding Impact Statement

TRANSPORT	Long-term Plan 2018/19	Long-term Plan 2019/20	Annual Plan 2019/20	Difference to LTP
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	11,025	11,304	10,444	(860)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	3,345	3,129	3,394	265
Fees and charges	1,432	1,456	1,397	(59)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,829	1,852	1,800	(52)
Total Operating Funding	17,631	17,741	17,035	(706)
Applications of operating funding				
Payments to staff and suppliers	12,120	12,091	12,983	892
Finance costs	0	0	78	78
Internal charges and overheads applied *	824	799	609	(190)
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,944	12,890	13,670	780
Surplus (Deficit) of operating funding	4,687	4,851	3,365	(1,486)
Sources of capital funding				
Subsidies and grants for capital	3,985	3,938	5,181	1,243
Development and financial contributions	313	318	318	0
Increase (decrease) in debt	(249)	(176)	3,733	3,909
Gross proceeds from sale of assets	25	26	26	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,074	4,106	9,258	5,152
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	602	300	1,178	878
- to improve level of service	4,112	4,300	6,437	2,137
- to replace existing assets	4,047	4,357	5,008	651
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	8,761	8,957	12,623	3,666
Surplus (Deficit) of capital funding	(4,687)	(4,851)	(3,365)	1,486
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

The increase in payments to staff and suppliers includes increase in staff costs of \$460,000, in particular in public transport and unsubsidised roading activities, reflecting the most current understanding of where staff are spending their time. Subsidised bus service costs have increased \$239,000 and are offset by increased NZTA subsidies. The Champion Road Roundabout grant to Tasman District Council has increased by \$318,000 and is loan funded.

Internal charges (interest) have decreased by \$190,000 in response to changes in the capital programme since the Long Term Plan [including an updated opening balance of internal borrowings] along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

The increase in subsidies and grants for capital reflects changes to the capital programme in the subsidised roading sub-activity.

The increase in loans of \$390,000 is due to changes in the capital programme, mostly related to the timing of project work.

These changes to the capital programme are listed at the end of the Financials section of this document.

Increased depreciation of \$332,000 has resulted from the 2017/18 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

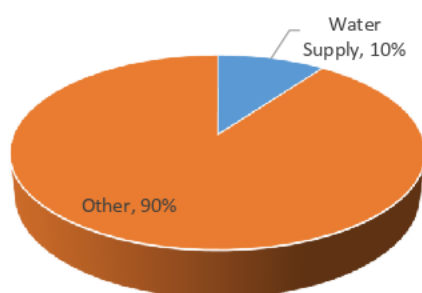
	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,687	4,851	3,365	(1,486)
Subsidies and grants for capital expenditure	3,985	3,938	5,181	1,243
Development and financial contributions	313	318	318	0
Vested Assets	4,120	4,895	4,895	0
Gains on sale	0	0	0	0
Depreciation	(7,018)	(7,303)	(7,631)	(328)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	6,087	6,699	6,128	(571)

Water supply

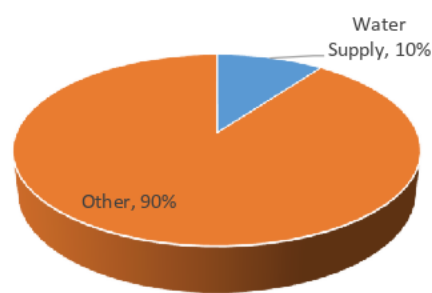
Council supplies high quality potable water to most Nelson households and businesses through a piped network. Operations and maintenance in the water supply activity include the water intake structures on the Maitai dam and rivers and Roding river, the Tantragee water treatment plant and looking after the network of pipes, valves and storage reservoirs throughout the city.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the water supply activity in 2019/20.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes the main changes to Year 2 (2019/20) for the water supply activity since the Long Term Plan 2018-28 was adopted.

Water supply

Water renewals

Some of Nelson's pipework dates from the 1950s, and is almost 70 years old. Council has a robust renewal schedule and this will continue with the upgrading of the older asbestos cement pipes. The work in the 2019/20 year will include:

- Completion of Hardy Street
- Tui Glen Road
- Completion of Annesbrook (Manchester Way – Maire Street) *
- Konini Street
- Kawai Street

The pipe renewal budgets for 2019/20 total \$2,092,000, which is similar to the \$2,038,000 budgeted in the Long Term Plan.

*This project commenced in 2018/19 as part of the Tahunanui shared cycleway project.

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Water Supply Funding Impact Statement

WATER	Long-term Plan 2018/19	Long-term Plan 2019/20	Annual Plan 2019/20	Difference to LTP
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	12,096	12,526	12,350	(176)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	33	33	45	12
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	8	9	40	31
Total Operating Funding	12,137	12,568	12,435	(133)
Applications of operating funding				
Payments to staff and suppliers	6,445	6,692	6,634	(58)
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,461	1,541	1,418	(123)
Other operating funding applications	0	0	0	0
Total applications of operating funding	7,906	8,233	8,052	(181)
Surplus (Deficit) of operating funding	4,231	4,335	4,383	48
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	398	407	407	0
Increase (decrease) in debt	3,772	300	(64)	(364)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,170	707	343	(364)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	917	1,164	1,344	180
- to replace existing assets	7,484	3,878	3,382	(496)
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	8,401	5,042	4,726	(316)
Surplus (Deficit) of capital funding	(4,231)	(4,335)	(4,383)	(48)
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Internal charges (interest) have decreased by \$190,000 in response to changes in the capital programme since the Long Term Plan [including an updated opening balance of internal borrowings] along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$364,000 are no longer required due to changes to the capital programme.

These changes to the capital programme are listed at the end of the Financials section of this document.

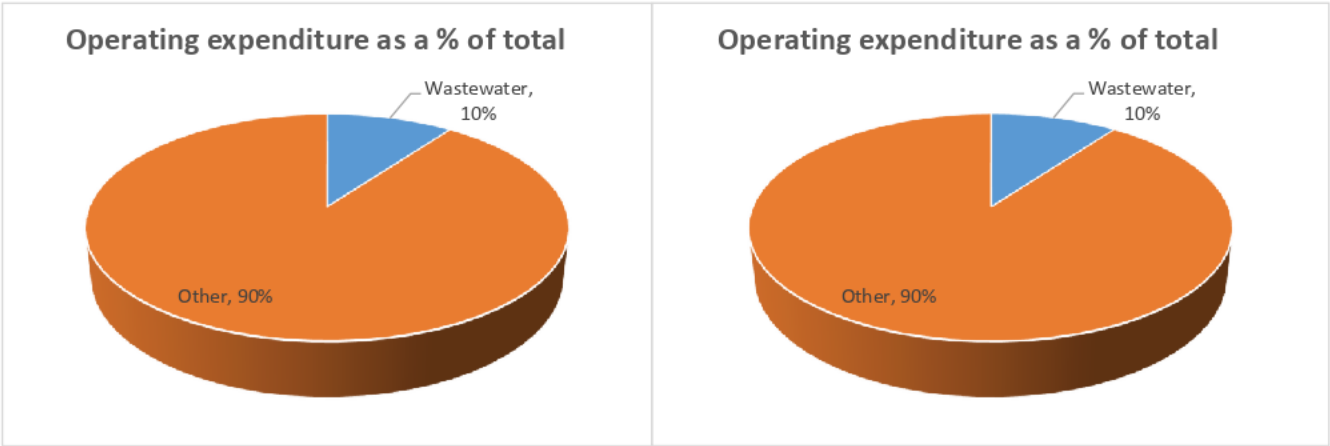
RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,231	4,335	4,383	48
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	398	407	407	0
Vested Assets	778	1,306	1,306	0
Gains on sale	0	0	0	0
Depreciation	(4,231)	(4,335)	(4,383)	(48)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,176	1,713	1,713	0

Wastewater

Council’s wastewater activity includes the collection, treatment and disposal of sewage and other wastewater that is discharged into Nelson’s sewers in order to prevent harm to people, contribute to their wellbeing and protect the environment.

The charts below show how much of Council’s total operational and capital budgets are proposed to be spent on the wastewater activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the wastewater activity since the Long Term Plan 2018-28 was adopted.

Wastewater

Wastewater renewals

Relining our sewer pipes has proved effective in reducing inflow of stormwater and infiltration of groundwater. This work improves the effectiveness of our wastewater system and lowers the risk of overflows during storm events while supporting new growth areas. Priority projects for the 2019/20 year include:

- St Vincent Street
- Bronte Street and Collingwood Street
- Stansell Avenue and Princes Drive
- Halifax Street and Halstead Street

The wastewater pipeline renewal budgets for 2019/20 total \$869,000, which compares to \$920,000 budgeted in the Long Term Plan.

The wastewater hydraulic model calibration

An additional \$260,000 has been allocated in 2019/20 for calibration and flow monitoring of our wastewater network. The wastewater model is critical for good forward planning and to understand the weaknesses in the system. This model is an important tool to help improve decision making around inflow and infiltration, growth, and effects from climate change.

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Awatea Place pump station

The new Awatea wastewater pump station is replacing two existing pump stations in Parkers Road. This new pump station will be a modern facility with back-up power supply for reliability, catering for future development of land zoned within the Nelson Plan catchment boundary.

The budget for this project has been reduced by \$937,000 in 2019/20, with \$1.107 million now allocated for 2019/20.

Desludging

The disposal of dewatered sludge from the Nelson Wastewater Treatment Plant to York Valley Landfill has been completed ahead of schedule and under budget. As a result, the budget set aside for 2019/20 of \$565,000 has been declared a saving.

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Wastewater Funding Impact Statement

WASTEWATER FUNDING IMPACT STATEMENT	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	7,794	8,313	8,719	406
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	2,337	2,403	2,610	207
Internal charges and overheads recovered	0	0	(49)	(49)
Local authorities fuel tax, fines, infringement fees, and other receipts	1,379	1,458	1,289	(169)
Total Operating Funding	11,510	12,174	12,569	395
Applications of operating funding				
Payments to staff and suppliers	7,021	7,476	7,026	(450)
Finance costs	310	399	0	(399)
Internal charges and overheads applied *	126	147	402	255
Other operating funding applications	0	0	0	0
Total applications of operating funding	7,457	8,022	7,428	(594)
Surplus (Deficit) of operating funding	4,053	4,152	5,141	989
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	664	679	679	0
Increase (decrease) in debt	2,356	1,707	103	(1,604)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	3,020	2,386	782	(1,604)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	111	687	220	(467)
- to improve level of service	4,765	4,084	3,547	(537)
- to replace existing assets	2,197	1,767	2,156	389
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	7,073	6,538	5,923	(615)
Surplus (Deficit) of capital funding	(4,053)	(4,152)	(5,141)	(989)
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Movements in non-rate income are driven by more commercial trade waste income than assumed in the LTP, offset by decreased Nelson Regional Sewerage Business Unit (NRSBU) recoveries.

Payments to staff and suppliers have decreased reflecting the Nelson North Wastewater Treatment Plant (NNWTP) desludging programme having been completed ahead of time and under budget.

There is an offset between Finance costs and internal charges as a result of the NRSBU consolidation.

Loans of \$1.6 million are no longer required due to changes in the capital programme and loan funded operating expenditure (NNWTP).

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

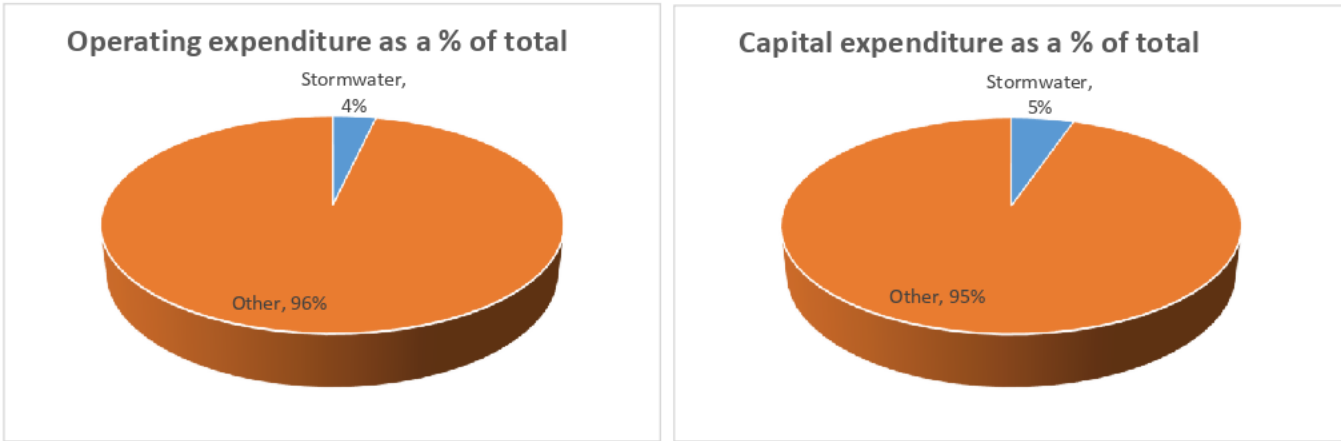
	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	4,053	4,152	5,141	989
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	664	679	679	0
Vested Assets	807	1,004	1,004	0
Gains on sale	0	0	0	0
Depreciation	(4,605)	(4,716)	(5,066)	(350)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	919	1,119	1,758	639

Stormwater

The stormwater network covers the pipes, open channels, detention dams, overland flow paths and pump stations that carry stormwater to waterways and the sea in the areas for which stormwater drainage rates are charged by Council.

Council provides a stormwater system to prevent harm to people and property and to protect the environment from uncontrolled stormwater discharges.

The charts below show how much of Council’s total operational and capital budgets is proposed to be spent on the stormwater activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the stormwater activity since the Long Term Plan 2018-28 was adopted.

Stormwater

Little Go Stream Upgrade - Rutherford Street (Stage 1)

Investigations into upgrading the Waimea Road to Rutherford Street / Little Go Stream stormwater system have been re-phased to allow time for assessment of alternative options that result in less disruption to traffic flows during construction.

Once a preferred option has been confirmed for these works, design, consenting, and easement negotiations will be progressed during 2019/20, and \$100,000 has been set aside for this work. The remaining Long Term Plan budget of \$1.433 million for 2019/20 will be re-phased over future years. The project costs will be reviewed following completion of detailed design and should significant budget adjustment be required, this will be consulted on through future Annual Plans.

Montcalm/Arrow/Washington Valley/Hastings Upgrade

This stage of the project is to upgrade the stormwater system for the length of Hastings Street and along Washington Road. A preferred upgrade option has been identified but further investigations are required in 2019/20 to complete and review the design, and align with other infrastructure upgrades to achieve cost efficiencies.

The budget for 2019/20 has been reduced by \$1.025 million to \$80,000 to allow for completion of design and consenting, with the remaining budget to be re-phased over future years for implementation of works. The project costs will be reviewed following completion of detailed design and should significant budget adjustment be required, this will be consulted on through future Annual Plans.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 1

Stormwater Funding Impact Statement

STORMWATER	Long-term Plan	Long-term Plan	Annual Plan	Difference
FUNDING IMPACT STATEMENT	2018/19	2019/20	2019/20	to LTP
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	4,151	4,370	4,435	65
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	4,151	4,370	4,435	65
Applications of operating funding				
Payments to staff and suppliers	1,344	1,479	1,483	4
Finance costs	0	0	0	0
Internal charges and overheads applied *	579	581	477	(104)
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,923	2,060	1,960	(100)
Surplus (Deficit) of operating funding	2,228	2,310	2,475	165
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	372	380	380	0
Increase (decrease) in debt	(18)	1,787	(413)	(2,200)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	354	2,167	(33)	(2,200)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	58	60	2
- to improve level of service	2,504	4,350	2,276	(2,074)
- to replace existing assets	78	69	106	37
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	2,582	4,477	2,442	(2,035)
Surplus (Deficit) of capital funding	(2,228)	(2,310)	(2,475)	(165)
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Internal charges (interest) have decreased by \$104,000 in response to changes in the capital programme since the Long Term Plan [including an updated opening balance of internal borrowings] along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

Loans of \$2.2 million are no longer required due to changes in the capital programme mostly related to the timing of project work.

These changes to the capital programme are listed at the end of the Financials section of this document.

Increased depreciation of \$164,000 has resulted from the 2017/18 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,228	2,310	2,475	165
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	372	380	380	0
Vested Assets	1,129	1,399	1,399	0
Gains on sale	0	0	0	0
Depreciation	(2,228)	(2,310)	(2,474)	(164)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	1,501	1,779	1,780	1

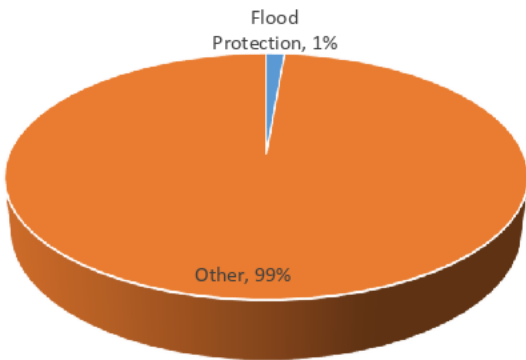
Flood protection

The Nelson stormwater and flood protection system is in two parts – the natural waterways, and a constructed stormwater system. This section covers the flood protection works that are generally associated with natural waterways.

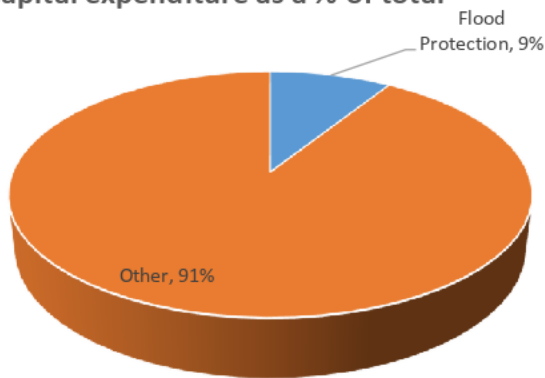
Operations and maintenance in Council’s flood protection activity centres on the rivers and streams in the urban area of Nelson city. While Council has carried out a programme of upgrading works over the past 20 years, ongoing maintenance is required to keep the streams clear. The Infrastructure Strategy, Nelson Plan development and Land Development Manual updates consider the impacts of climate change and will help determine which future upgrading works are needed to respond to climate change.

The charts below show how much of Council’s total operational and capital budgets are proposed to be spent on the flood protection activity in 2019/20.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes the main changes to Year 2 (2019/20) for the flood protection activity since the Long Term Plan 2018-28 was adopted.

Saxton Creek Upgrade – Champion Road to Main Road Stoke

The upgrade of Saxton Creek between Main Road Stoke and Champion Road is ongoing. Due to landowner negotiations, work in 2018/19 did not progress as intended and the project has been re-phased. The budget has been increased in the 2019/20 year by \$932,080 bringing the total budget in 2019/20 to \$1.3 million.

Saxton Creek, Main Road Stoke Culvert to Sea

The project to upgrade Saxton Creek between Main Road Stoke and Whakatu Drive commenced in 2018/19. Landowner negotiations are ongoing and as a result, re-phasing of the budget is required.

There is no change to the budget overall, but the 2019/20 budget has been reduced to \$150,000 to enable negotiations to continue, a reduction of \$2.94 million with the remainder moved to future years.

Whakatu Drive (Storage World)

This project, to install a secondary stormwater pipe under Whakatu Drive adjacent to Storage World, to mitigate the risk of flooding during extreme rain events is ongoing.

The project has been re-phased to consider methodology and design. The total project budget is unchanged, but the 2019/20 budget has been increased by \$191,000 to \$600,000.

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Flood protection Funding Impact Statement

FLOOD PROTECTION FUNDING IMPACT STATEMENT	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	1,654	1,863	1,661	(202)
Subsidies and grants for operating purposes	0	0	0	0
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	1,654	1,863	1,661	(202)
Applications of operating funding				
Payments to staff and suppliers	289	279	412	133
Finance costs	0	0	0	0
Internal charges and overheads applied *	767	924	753	(171)
Other operating funding applications	0	0	0	0
Total applications of operating funding	1,056	1,203	1,165	(38)
Surplus (Deficit) of operating funding	598	660	496	(164)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,133	4,795	3,690	(1,105)
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,133	4,795	3,690	(1,105)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	4,731	5,455	4,186	(1,269)
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	4,731	5,455	4,186	(1,269)
Surplus (Deficit) of capital funding	(598)	(660)	(496)	164
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Internal charges (interest) have decreased by \$171,000 in response to changes in the capital programme since the Long Term Plan [including an updated opening balance of internal borrowings] along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

The increase in payments to staff and suppliers is largely due to the allocation of staff costs.

Loans of \$1.1 million are no longer required due to changes in the capital programme, mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

Decreased depreciation of \$163,000 has resulted from the 2017/18 asset revaluation.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	598	660	496	(164)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	166	170	170	0
Gains on sale	0	0	0	0
Depreciation	(598)	(660)	(497)	163
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	166	170	169	(1)

Solid waste

Good public health and wellbeing depend on the safe disposal of waste. Environmental protection also depends on promoting the reduction, reuse, recycling, and recovery of potential solid waste and compostable material. Council provides waste management and minimisation services to reduce the creation of waste, improve the efficiency of resource use, and to reduce the harmful effects of waste on people and the environment.

Landfill Charges

The fees and charges for the York Valley regional landfill facility are set by the Nelson/Tasman Regional Landfill Business Unit (NTRLBU). The Business Unit takes into account the local disposal levy required by each Council to undertake their solid waste activities. In Nelson, this local disposal levy is used to manage the Pascoe Street Transfer Station, undertake waste minimisation initiatives, green waste disposal and recycling which in total comes to \$2.4 million.

Current issues in international commodity markets have had an impact on recycling, not only for Nelson, but for the rest of New Zealand, and many countries worldwide. We have made the decision to continue to recycle in the 2019/20 year, recognising the strong commitment from our community.

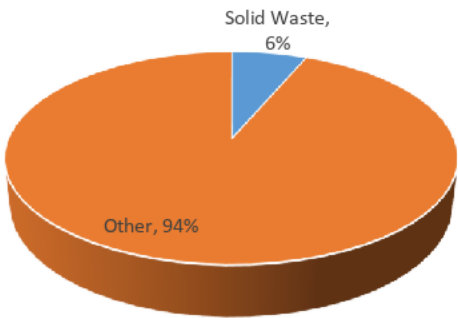
In setting the fees and charges, other important factors are taken into account, such as the costs to run the landfill and increased costs for the Emission Trading Scheme (ETS).

Fees were consulted on as part of the Annual Plan and four submissions were received. These have been sent to the Acting General Manager of the NTRLBU to take to the July Board meeting. Feedback will be provided to the Council after that meeting.

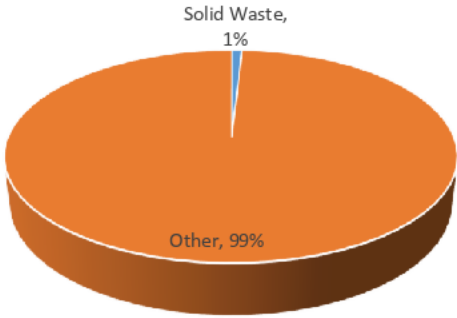
Taking all of these factors into account, the landfill fee for 2019/20 will be increasing from 1 July 2019 to \$163/tonne (including GST). The cost in 2018/19 was \$141/tonne (including GST) giving an increase of \$22/tonne. Any recommendations from the NTRLBU will be provided to the Council and changes to the fees will be considered at that time.

The charts below show how much of Council’s total operational and capital budgets are proposed to be spent on the solid waste activity in 2019/20.

Operating expenditure as a % of total



Capital expenditure as a % of total



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Solid Waste Funding Impact Statement

SOLID WASTE	Long-term Plan 2018/19	Long-term Plan 2019/20	Annual Plan 2019/20	Difference to LTP
FUNDING IMPACT STATEMENT	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	0	0	0	0
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	193	198	198	0
Fees and charges	3,795	3,628	3,106	(522)
Internal charges and overheads recovered	2,250	2,269	2,330	61
Local authorities fuel tax, fines, infringement fees, and other receipts	2,271	2,403	2,424	21
Total Operating Funding	8,509	8,498	8,058	(440)
Applications of operating funding				
Payments to staff and suppliers	5,771	5,741	5,309	(432)
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,296	2,310	2,328	18
Other operating funding applications	0	0	0	0
Total applications of operating funding	8,067	8,051	7,637	(414)
Surplus (Deficit) of operating funding	442	447	421	(26)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(334)	(338)	(10)	328
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(334)	(338)	(10)	328
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	33	7	0	(7)
- to improve level of service	42	31	31	0
- to replace existing assets	30	26	380	354
Increase (decrease) in reserves	3	45	0	(45)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	108	109	411	302
Surplus (Deficit) of capital funding	(442)	(447)	(421)	26
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Payments to staff and suppliers have decreased due to an update of the Nelson Tasman Regional Landfill Business Unit (NTRLBU) consolidation, which also generates a decrease in fees and charges.

Additional loans of \$328,000 are required due to changes in the capital programme, mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

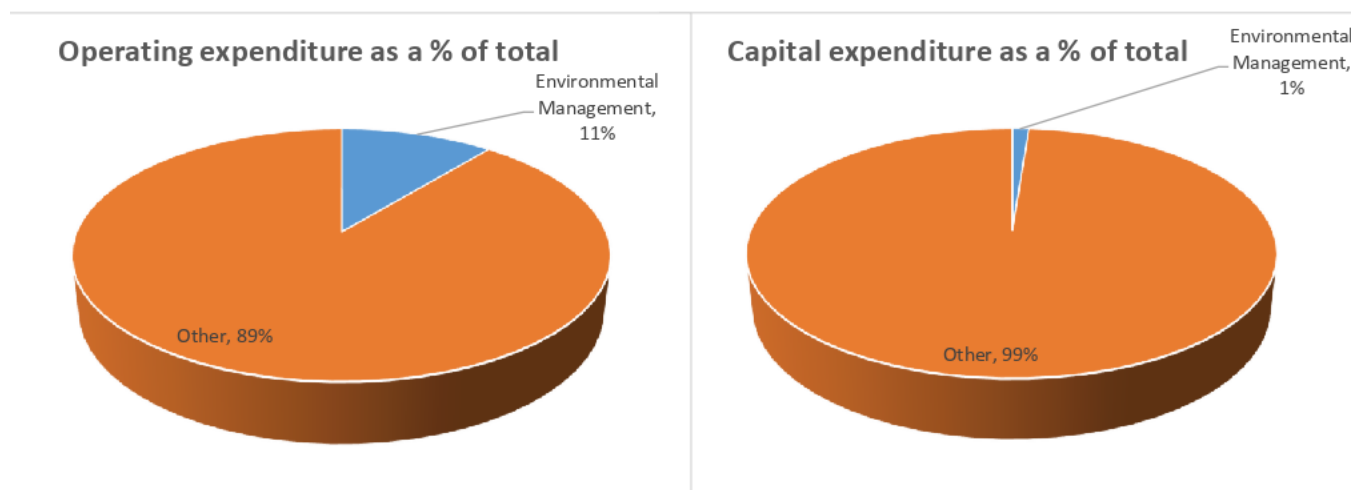
	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	442	447	421	(26)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(332)	(337)	(267)	70
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	110	110	154	44

Environment

As a unitary authority, Council has a wider span of environmental management responsibilities than most other councils. It manages both territorial authority and regional functions. Council's environmental functions include responsibilities for freshwater, coastal and marine environments, air, land, biodiversity and biosecurity, resource management planning, navigation safety, resource and building consents, waste management and minimisation, environmental advice to landowners and residents, monitoring, education, advocacy and enforcement. This activity also includes compliance functions such as dog control, liquor licensing and emergency management as well as the landfill, green waste and waste minimisation.

Our outstanding environment, including our hills, rivers, coastlines, and flora and fauna all contribute to making Nelson a unique and special place for residents and visitors. However, the maintenance and enhancement of our environment doesn't happen by itself but is a combination of care, aroha (care, love), and time and money from individuals, groups, businesses, Council and iwi engagement as kaitiaki (guardians) of the environment.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the environment activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the environment activity since the Long Term Plan 2018-28 was adopted.

Biosecurity and Regional Pest Management Plan implementation

As part of our work as a regional council, we undertake an extensive environmental monitoring and enhancement work programme. The main changes to our work programme in 2019/20 include a funding increase for eradication and control of two pests, Taiwan Cherry and Sabella (Mediterranean fanworm).

The cost of effectively controlling Taiwan Cherry in Nelson is expected to be around \$20,000 per year for up to 15 years, starting in 2019/20. The cost for Sabella in Nelson is expected to be \$20,000 per year on an ongoing basis. Therefore, an additional \$40,000 was included in the biosecurity budget for 2019/20.

Environmental Monitoring Charges

Council has recently carried out a consultation process on charges for regional environmental monitoring to reflect that in recent years there has been a significant increase in the environmental monitoring programmes undertaken by regional and unitary authorities. Much of the additional work is

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a result of central government policy. Accordingly, most regional and unitary authorities have introduced user charges to recoup a proportion of these costs from resource consent holders. Following consultation with existing resource consent holders, Council has budgeted for an income of \$60,000 in 2019/20, which will offset some of the expenditure in the environment activity area. The actual income will depend on the volume and type of resource consent applications received during the year.

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Environment Funding Impact Statement

ENVIRONMENTAL MANAGEMENT FUNDING IMPACT STATEMENT	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	7,853	8,176	8,586	410
Targeted rates	12	5	12	7
Subsidies and grants for operating purposes	55	31	365	334
Fees and charges	224	228	228	0
Internal charges and overheads recovered	0	0	50	50
Local authorities fuel tax, fines, infringement fees, and other receipts	4,384	4,475	4,318	(157)
Total Operating Funding	12,528	12,915	13,559	644
Applications of operating funding				
Payments to staff and suppliers	12,209	12,593	13,171	578
Finance costs	0	0	0	0
Internal charges and overheads applied *	285	278	341	63
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,494	12,871	13,512	641
Surplus (Deficit) of operating funding	34	44	47	3
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	(215)	(155)	148	303
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	(215)	(155)	148	303
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	39	39	250	211
- to improve level of service	175	177	197	20
- to replace existing assets	44	87	114	27
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(439)	(414)	(366)	48
Total applications of capital funding	(181)	(111)	195	306
Surplus (Deficit) of capital funding	(34)	(44)	(47)	(3)
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

There are offsetting amounts in operating income and expenditure as follows:

	Grant Income	Other Receipts	Payment to Staff and Suppliers
Hill Country Erosion Fund	\$310,000		\$310,000
Building Services		\$125,000	\$132,000
Resource Consents		(\$298,000)	\$136,000
Net Increase / (Decrease)	\$310,000	(\$173,000)	\$578,000

Additional loans of \$303,000 are required due to changes in the capital programme, mostly related to the timing of project work.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	34	44	47	3
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(34)	(44)	(48)	(4)
Other non-cash income/expenditure	27	11	11	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	27	11	10	(1)

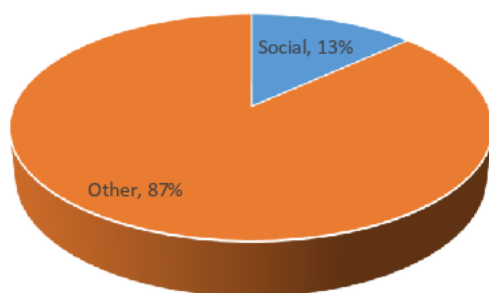
Social

Council provides many facilities and services that support the quality of life and wellbeing of Nelson residents. Collectively these activities have been grouped under the heading 'social' and cover delivery of services as diverse as funding an art gallery to providing public toilets.

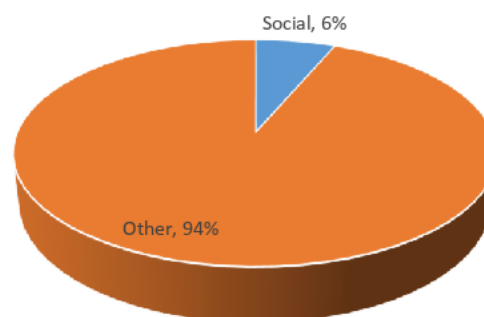
Council also invests in community-owned facilities and provides grants to groups delivering social services to the community. Expenditure to support social outcomes is classified as operating expenditure.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the social activity in 2019/20.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes the main changes to Year 2 (2019/20) for the social activity since the Long Term Plan 2018-28 was adopted.

Community Partnership Projects

There are opportunities for Council to partner with and support the work of community groups to focus on community wellbeing. Council values working with the community and has set aside \$50,000 in 2019/20 to assist with funding social development partnership projects.

Council and Civic Events

In recent years, Nelson's profile has significantly increased and we have been fortunate to host overseas delegations and sporting events in the city. In addition, there have been requests to support civic events. Council will continue to support these activities and has therefore set aside dedicated funding of \$50,000 in 2019/20.

Stoke Library

The Stoke Library has experienced some watertightness issues that has led to water damage. We are in the process of completing internal repairs in 2019/20 at a cost of \$200,000, and external repairs are proposed for 2020/21.

Nelson Centre for Musical Arts

The Nelson Centre for Musical Arts (NCMA) requested additional funding of \$35,000 for 2019/20 on the basis that the NCMA agrees to an external review of the Centre's business model, with findings and recommendations of the report coming back to Council by 30 November 2019.

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Smokefree Aotearoa

Council endorses the Government's Smokefree 2025 Aotearoa goal and therefore will be taking up Nelson Marlborough Health's (NMH) offer to develop smokefree policies for the city centre.

Council has smokefree policies for its playgrounds, sports fields and Council-run events. While these policies are working well, collaborating with NMH and accepting their offer for additional resources will enable progress to be made faster in this area.

Welcoming Communities initiative

A submission was made proposing that Council apply to the Ministry of Business, Innovation and Employment (MBIE) to join the Welcoming Communities initiative. This programme assists communities to support new residents settle into their city. As part of the Annual Plan deliberations process, Council agreed to make an application to MBIE for inclusion in the Welcoming Communities programme. This application will not require any additional funding from Council in 2019/20.

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Social Funding Impact Statement

SOCIAL	Long-term Plan	Long-term Plan	Annual Plan	Difference
FUNDING IMPACT STATEMENT	2018/19	2019/20	2019/20	to LTP
	(\$000)	(\$000)	(\$000)	(\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,872	13,317	13,837	520
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	171	174	174	0
Fees and charges	621	733	913	180
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,708	1,733	1,304	(429)
Total Operating Funding	15,372	15,957	16,228	271
Applications of operating funding				
Payments to staff and suppliers	12,502	12,989	13,373	384
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,652	1,669	1,735	66
Other operating funding applications	0	0	0	0
Total applications of operating funding	14,154	14,658	15,108	450
Surplus (Deficit) of operating funding	1,218	1,299	1,120	(179)
Sources of capital funding				
Subsidies and grants for capital	23	23	23	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	1,571	782	(7,403)	(8,185)
Gross proceeds from sale of assets	0	0	8,383	8,383
Lump sum contributions	0	0	0	0
Total sources of capital funding	1,594	805	1,003	198
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	1,512	921	1,258	337
- to improve level of service	690	1,450	951	(499)
- to replace existing assets	770	573	754	181
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	(160)	(840)	(840)	0
Total applications of capital funding	2,812	2,104	2,123	19
Surplus (Deficit) of capital funding	(1,218)	(1,299)	(1,120)	179
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Fees and charges have increased, which includes income from the Brook Camp, Crematorium, and Marsden Valley Cemetery.

Other receipts have decreased largely due to the sale of Community Housing and are offset by decreased costs.

Payments to staff and suppliers have increased including costs relating to the Brook Camp and Festivals (including \$50,000 for Civic Events).

The decrease in debt of \$8.2 million is due to the sale of Community Housing.

Changes to the capital programme are listed at the end of the Financials section of this document.

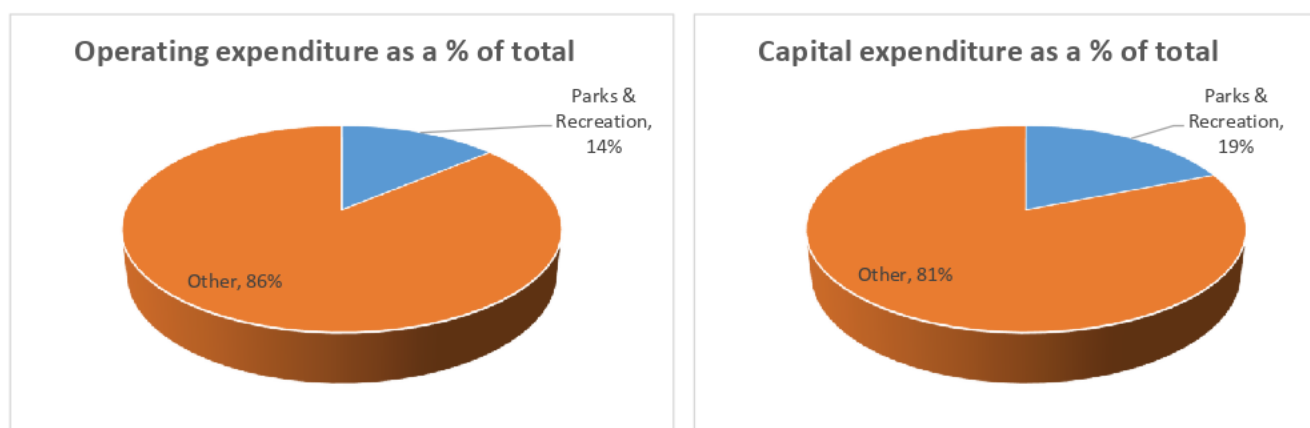
RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,218	1,299	1,120	(179)
Subsidies and grants for capital expenditure	23	23	23	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,351)	(1,362)	(1,250)	112
Other non-cash income/expenditure	0	0	702	702
Net Surplus (Deficit) before taxation in Cost of Service Statement	(110)	(40)	595	635

Parks and active recreation

Council provides active recreation opportunities for Nelsonians and visitors, through its provision of infrastructure such as walkways and cycleways, sports and recreation facilities, parks and open space, services and events. It also manages a range of parks and open spaces to help protect Nelson's biodiversity, heritage, rivers and coast.

The charts below show how much of Council's total operational and capital budgets is proposed to be spent on the parks and active recreation activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the parks and active recreation activity since the Long Term Plan 2018-28 was adopted.

Artificial Turf

Feedback from sporting clubs has emphasised the benefits of artificial turf and Tasman Rugby Union and Nelson Bays Football have requested this be provided at Nelson sporting grounds. This would enable more all-weather play and training for sporting teams, including those involved in national competitions.

To enable a detailed feasibility study and examination of options and locations for the turf, \$50,000 has been allocated for 2019/20.

Grampians weed control

Grass and weed control work in the Grampians Reserve is continuing with the help of some sheep. They moved into their new home in November 2018 and we have allocated funds to keep them there for 2019/20, at a cost of \$50,000 of capital expenditure for improved fencing and additional stock.

Maungatapu to Copper Mine Saddle

We will be constructing a new, easier gradient cycle trail at Coppermine Saddle on Dun Mountain. This will join the Maungatapu Saddle and the Coppermine Trail. The existing off-road vehicular track from Pelorus to the Maitai Dam is very steep and has degraded over a period of time. This improved route will encourage safe off-road cycling from Picton and the Queen Charlotte Track to Nelson. We have allocated \$40,000 for investigation and design work in 2019/20.

Nelson Mountain Bike Club

Funding of \$170,000 from 2018/19 will be carried forward to 2019/20 for the construction of trails. Council has also referred requests for underwriting the Enduro World Series Event in 2021 for consideration under Council's Events Fund.

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Trafalgar Park – Lights

An upgrade of the flood lighting at Trafalgar Park is required to seal any gaps and ensure they are waterproof all year round. In 2019/20, \$50,000 will be spent to complete the required maintenance.

Natureland

In the Long Term Plan 2018-28, it was agreed that Council would continue to support Natureland with an operating grant of \$170,000 for 2019/20 and 2020/21 plus inflation.

In the Consultation Document, Council provided information from the Natureland Wildlife Trust, that this level of funding would not enable the Trust to undertake its full work programme. Through the consultation process, there were indications that other parties may wish to support and partner with Natureland for future operations. Council has requested that Natureland explore opportunities to strengthen the Trust's business model and achieve delivery within the Long Term Plan 2018-28 budgets.

Riverside Pool water heating system

The Riverside Pool requires an upgrade to the water heating system to replace the existing heating system and increase the heating capacity. The cost of this will be additional capital expenditure of \$300,000 in the 2019/20 year.

Water sports building at the Marina

A proposed new water sports building at the marina could be used by a wide range of water sports such as kayaking, waka ama, sea scouts, rowing, and as a place to store equipment and operate from. We will be working alongside the Water Sports Group to agree on the scope of the project, its timeframes and the funding partnership.

The water sports building at the marina had a budget of \$600,000 in 2018/19, with Council agreeing earlier in the year to carry forward \$555,000 to 2019/20. The 2019/20 Annual Plan budget has been reduced to \$150,000, to allow for comprehensive design work and consideration of options to be completed prior to decisions being made on this project.

Stoke Community Youth Facility

Council has been considering a youth facility for Stoke for a number of years. Recent consultation has identified the need for a facility that appeals to a broader range of young people in Stoke. A consultant was commissioned to review previous consultation carried out by Council and other groups.

This review concluded there is a clear demand for a youth-centred facility for young people to meet and socialise. Consistent with Long Term Plan funding, we have allocated \$51,000 in 2019/20 for detailed design and consultation and \$501,000 in 2020/21 for construction.

Tahuna Beach to Great Taste Trail (airport)

The existing Long Term Plan project extends the Great Taste Trail, with an additional cycleway from the airport to Tahunanui. There have been delays in this project in order to investigate the preferred route and complete the consenting process and the work will now be undertaken over two years, 2018/19 and 2019/20. The original budget for the project was \$809,000. We will now be spending \$200,000 in 2018/19 and the remaining budget of \$609,000 in 2019/20. The Ministry of Business, Innovation and Employment is providing a subsidy of 50% for this project. The total cost to Council is close to the original budget.

Poorman's Stream Walkway

To enable better access for elderly Stoke residents, a walkway is planned to connect Main Road Stoke to Neale Avenue. This will improve walking and cycling facilities in this area and provide a connection between popular parks and walkways.

Following completion of detailed design the original estimate for construction has required an increase in budget. A provisional additional sum of \$800,000 has been set aside for 2019/20 and the final sign-

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off of this project will be by the Sports and Recreation Committee. The total estimate for the project is \$1.2 million. Council will look for any potential to reduce the overall cost of this project.

Marina

The budget for the Marina has been adjusted for 2019/20 to reflect the priorities of the Marina Strategy.

The key priorities for 2019/20 are:

- Improving the number of work areas available at the hardstand and complying with resource consent conditions by sealing the hardstand (\$460,000)
- Boat trailer car park improvement (\$84,000)
- Boat ramp – measure the user satisfaction and assess potential work required for future years (\$35,000)
- Boat storage – sealing the existing boat storage (\$102,000)

Overall, there is \$71,000 more capital expenditure at the Marina in 2019/20 from what was allocated in the Long Term Plan, (excluding the water sports building at the Marina). All expenditure, including debt servicing, is covered from fees and charges, so this project does not impact on rates.

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Parks and active recreation Funding Impact Statement

PARKS AND ACTIVE RECREATION FUNDING IMPACT STATEMENT	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,643	13,188	13,206	18
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	0	51	0	(51)
Fees and charges	2,224	2,259	2,284	25
Internal charges and overheads recovered	449	459	459	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,844	1,401	1,544	143
Total Operating Funding	17,160	17,358	17,493	135
Applications of operating funding				
Payments to staff and suppliers	11,466	10,861	11,242	381
Finance costs	0	0	0	0
Internal charges and overheads applied *	2,817	2,786	2,489	(297)
Other operating funding applications	0	0	0	0
Total applications of operating funding	14,283	13,647	13,731	84
Surplus (Deficit) of operating funding	2,877	3,711	3,762	51
Sources of capital funding				
Subsidies and grants for capital	828	1,464	1,038	(426)
Development and financial contributions	1,800	1,840	1,716	(124)
Increase (decrease) in debt	1,254	1,690	2,347	657
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	3,882	4,994	5,101	107
Applications of capital funding				
Capital Expenditure	0	0	0	0
- to meet additional demand	2,951	2,884	2,439	(445)
- to improve level of service	1,858	2,373	3,437	1,064
- to replace existing assets	2,066	3,249	2,987	(262)
Increase (decrease) in reserves	(116)	199	0	(199)
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	6,759	8,705	8,863	158
Surplus (Deficit) of capital funding	(2,877)	(3,711)	(3,762)	(51)
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Other receipts have increased, which includes an assumption that the Bay Dreams event will take place in 2019/20.

Payments to staff and suppliers have increased including contract maintenance costs and staff costs.

Internal charges (interest) have decreased by \$297,000 in response to changes in the capital programme since the Long Term Plan [including an updated opening balance of internal borrowings] along with a slightly more favourable interest rate environment than predicted in the Long Term Plan.

Changes to timing of the Water Sports Building project have resulted in decreased capital contributions and planned capital expenditure.

The change to the assumed timing of subdivision reserves contributions has resulted in a reduction of capital income of \$124,000.

The increase in debt of \$657,000 reflects movements in the capital programme mostly related to the timing of project work, and the movement in capital income.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

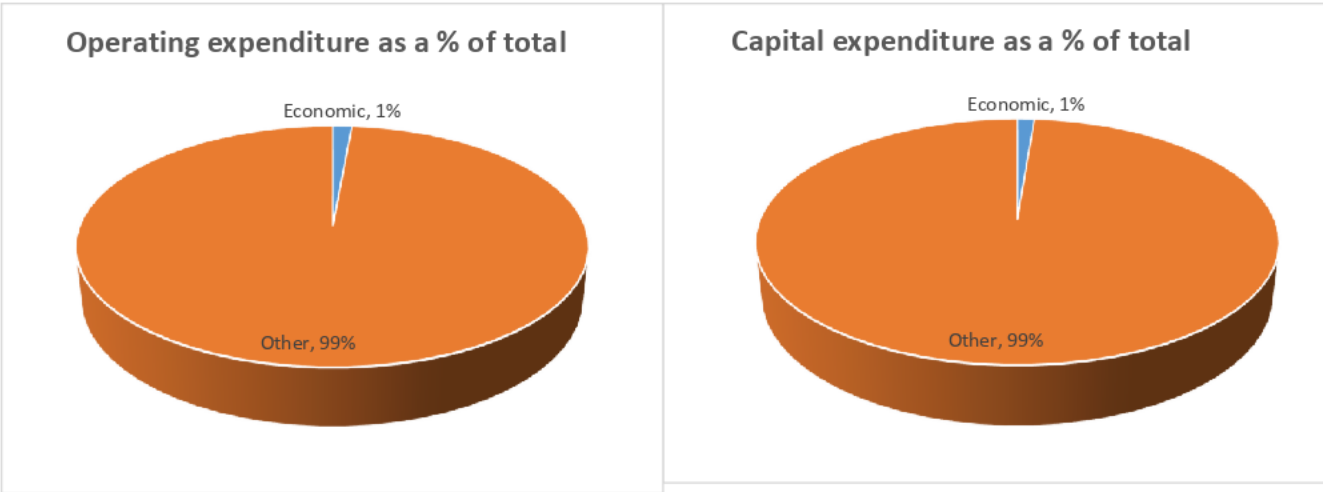
	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,877	3,711	3,762	51
Subsidies and grants for capital expenditure	828	1,464	1,038	(426)
Development and financial contributions	1,800	1,840	1,716	(124)
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(3,183)	(3,313)	(3,488)	(175)
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	2,322	3,702	3,028	(674)

Economic

Council has a role in creating a successful, sustainable and economically viable region and fostering economic development.

The economic development activity is largely delivered through the Council owned Nelson Regional Development Agency (NRDA), which has a focus on delivering Nelson-Tasman’s unique identity. The identity of our region is based on five pillars that make Nelson-Tasman different from other regions in New Zealand. These pillars are Clever Business, Stunning Natural Landscapes, Surprisingly Diverse, Arts and Artisans and Highly Connected. Although the NRDA is owned by Nelson City Council its work is also supported and funded by Tasman District Council, businesses and central government. Nelson City Council’s funding for the NRDA is \$1.22 million, including \$360,000 for the Events Contestable Fund.

The charts below show how much of Council’s total operational and capital budgets are proposed to be spent on the economic activity in 2019/20.



The following section describes the main changes to Year 2 (2019/20) for the economic activity since the Long Term Plan 2018-28 was adopted.

As well as working with the NRDA, we also undertake and directly support a range of other work that supports business, employment and the economy of Nelson. The work programme for this activity has increased for 2019/20 compared to what was included to what was included in year 2 of the Long Term Plan. This work includes:

- Support for the development and future implementation of a new regional economy development strategy - Te Taihū Intergenerational Strategy. This strategy covers Nelson, Tasman and Marlborough and is being developed in partnership with a wide range of organisations and individuals including, Wakatū Corporation, Tasman and Marlborough councils, iwi, businesses and the Nelson Marlborough Institute of Technology. Central government is a key funder for the development of this strategy and Council’s financial contribution in 2019/20 is \$50,000. The strategy is expected to be completed later in 2019 followed by the implementation phase.
- Support for applications to central government’s Provincial Growth Fund (PGF). This \$3 billion fund is central government’s main vehicle for supporting new economic development opportunities in the regions. In April 2019 the PGF confirmed funding of \$6 million to help establish a National Algae Centre in Nelson, through the Cawthron Institute. Other projects in the Top of the South that have received funding include investigating an upgrade to Port Taranaki in Golden Bay, development of a business case for a regional artificial intelligence

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facility, and development of a business case for the Marlborough Sounds Smart Services
Deployment project.

City Centre Programme

Please refer to the City Centre section on pages 9 and 10 of this document.

Uniquely Nelson

Through the Long Term Plan, Uniquely Nelson requested additional funding for employment of a part-time promotional assistant. Council is allocating \$45,000 in 2019/20 for the promotional assistant, with a focus on city centre initiatives, economic promotion and an increased online presence.

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Economic Funding Impact Statement

ECONOMIC	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
FUNDING IMPACT STATEMENT				
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,720	1,798	1,755	(43)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	300	305	0	(305)
Fees and charges	0	0	0	0
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0	0
Total Operating Funding	2,020	2,103	1,755	(348)
Applications of operating funding				
Payments to staff and suppliers	2,006	2,081	1,730	(351)
Finance costs	0	0	0	0
Internal charges and overheads applied *	14	22	25	3
Other operating funding applications	0	0	0	0
Total applications of operating funding	2,020	2,103	1,755	(348)
Surplus (Deficit) of operating funding	0	0	0	0
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	200	204	590	386
Gross proceeds from sale of assets	0	0	0	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	200	204	590	386
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	0	0	0	0
- to improve level of service	200	204	590	386
- to replace existing assets	0	0	0	0
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	0	0	0	0
Total applications of capital funding	200	204	590	386
Surplus (Deficit) of capital funding	0	0	0	0
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

The decrease in income from subsidies and grants reflects that the contribution from Tasman District Council for economic development and tourism services is now being paid directly to the Nelson Regional Development Agency. There is an associated decrease in operating expenditure which reflects this new arrangement.

Additional debt of \$386,000 relates to changes to the capital programme.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

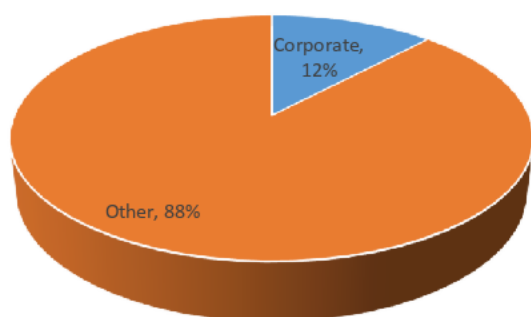
	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	0	0	0	0
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	0	0	0	0
Other non-cash income/expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Cost of Service Statement	0	0	0	0

Corporate

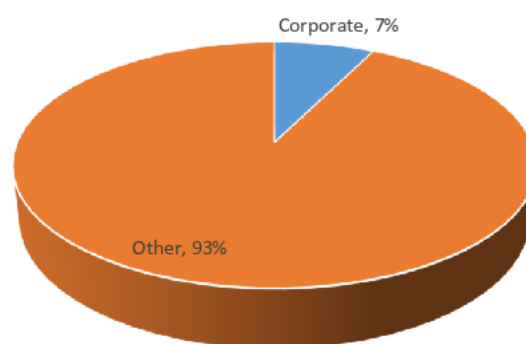
Council's corporate activity includes governance services, local government elections, and behind the scenes support services to ensure the smooth running of the organisation. This includes finance and administration, strategic documents and elected member support.

The charts below show how much of Council's total operational and capital budgets are proposed to be spent on the corporate activity in 2019/20.

Operating expenditure as a % of total



Capital expenditure as a % of total



The following section describes the main changes to Year 2 (2019/20) for the corporate activity since the Long Term Plan 2018-28 was adopted.

Lifting Council Performance

In the Long Term Plan, one of Council's four priorities was to lift council performance. To enable this, we have increased staffing in critical areas and implemented new systems of monitoring and reporting on programmes and projects.

A total of 23.2 additional Full Time Equivalents (FTEs) were agreed in the Long Term Plan for 2018/19 and 2019/20. Most of these have been recruited, with the remainder anticipated to commence before 30 June 2019. In addition, critical staff shortages, particularly in capital project management, utilities management and transport have been addressed.

We have also started to address the disparities between our pay structures and those of the wider market. This Annual Plan has also had to address the problem that the allowance for the annual wage/salary movement in the Long Term Plan for the 2019/20 year is too low compared to the latest wage inflation forecasts.

The investment in people has resulted in a higher level of resources available to deliver programmed work and improved Council's ability to attract and retain staff. Increased numbers in key areas and higher staff retention across the organisation directly improves our ability to deliver the projects planned over the coming years. Those changes have added approximately \$1.293 million per annum to council expenditure in 2019/20, with approximately \$1.006 million of that to be funded from rates.

These additional costs are being largely offset by savings in lower interest and depreciation costs forecast for the 2019/20 year. We will of course continue to seek to further offset these additional costs through prudent financial management and pursuing efficiency gains wherever possible.

The changes have improved our ability to employ staff in hard-to-fill vacancies and has reduced staff turnover. At the start of 2018, 27% of vacancies under active recruitment had been vacant for four or more months. However, by the end of 2018, the proportion of positions vacant for four or more months

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had dropped to 12% of active vacancies. Turnover of permanent employees has nearly halved – from 18.7% for the 12 months to December 2017, to 10.2% for the 12 months to December 2018.

We are already seeing the benefits from these changes, with improvements to the services that we provide to businesses and residents, better meeting of project timelines, and providing greater accountability to Council and committees.

Haven Precinct

The Haven Precinct is a long term project, staged over several years. Through the Long Term Plan 2018-28, Council had included funding for \$663,800 in 2019/20 for both demolishing and re-surfacing the ex-Four Seasons building and for any additional capital works. The budget has been re-phased to future years in order to allow appropriate planning to take place prior to any physical work.

The legal status of all of the Council's properties in the Haven Precinct is being established to identify any constraints or implications for future development so that an action plan can be determined. We have engaged a contractor to progress this stage of the project, given constraints on staff resources and Council's desire to see this project accelerated.

Council will retain \$558,800 (was \$150,000) of the project funding in 2019/20 to enable the planning for future work. \$408,800 of this amount has been transferred from the ex-Four Seasons project.

Commercial differential

The commercial differential recognises the additional Council services that businesses receive, such as extra rubbish collection, street sweeping, and events to attract visitors. In the Long Term Plan, Council consulted on reducing the commercial differential by 0.5% each year for 5 years, to be reviewed annually.

Reducing the commercial differential reduces the rates collected from the City Centre and Stoke and allows a re-balancing of the relative rating contributions from commercial and residential properties. It also keeps our Central Business District competitive relative to other centres that do not have such a charge.

In the Long Term Plan, Council reduced the commercial differential for 2018/19 for the City Centre and Stoke commercial areas by 0.5%, subject to reassessing this at each Annual Plan. Council is reducing the commercial differential again this year. This will mean that the City Centre and Stoke City Centre rates will increase by less than they would have without this change. Residential rates will increase slightly more as a result of this change.

Council agreed that in 2019/20, 24.1% of total rates would be collected from commercial rates (0.5% reduction). With less rates collected from those commercial ratepayers in 2019/20, there will be an additional increase to residential rates, of 0.4% to 0.8%, depending on land value.

Civic House upgrades

Council's Civic House, on the corner of Trafalgar Street and Halifax Street, has a history of under-investment over its 40 year life, with the result that working conditions in some areas are sub-standard and in need of improvement.

No substantial refurbishment of Civic House has been undertaken in the last 10 years, and operational expenditure in the 2018/19 year has been for basic interior maintenance such as painting and replacement of worn carpet, and on updating ageing ventilation and heating systems.

Council had proposed funding for improvements over several years, including 2018/19 and 2019/20 but is now intending to carry out minor works only, to meet organisational and health and safety requirements. The timing of this project has changed and the budget in 2019/20 has been reduced to \$1.2 million from \$1.6 million for year two of the Long Term Plan. The overall budget for the project has not changed.

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Corporate Funding Impact Statement

CORPORATE FUNDING IMPACT STATEMENT	Long- term Plan 2018/19 (\$000)	Long- term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	1,036	1,651	1,643	(8)
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	5	5	6	1
Fees and charges	0	0	0	0
Internal charges and overheads recovered	8,894	9,075	8,432	(643)
Local authorities fuel tax, fines, infringement fees, and other receipts	5,602	5,602	5,369	(233)
Total Operating Funding	15,537	16,333	15,450	(883)
Applications of operating funding				
Payments to staff and suppliers	7,335	7,778	8,563	785
Finance costs	4,712	5,105	3,883	(1,222)
Internal charges and overheads applied *	772	746	645	(101)
Other operating funding applications	0	0	0	0
Total applications of operating funding	12,819	13,629	13,091	(538)
Surplus (Deficit) of operating funding	2,718	2,704	2,359	(345)
Sources of capital funding				
Subsidies and grants for capital	0	0	0	0
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	12,276	12,607	3,408	(9,199)
Gross proceeds from sale of assets	0	0	800	800
Lump sum contributions	0	0	0	0
Total sources of capital funding	12,276	12,607	4,208	(8,399)
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	924	796	1,197	401
- to improve level of service	894	2,070	1,386	(684)
- to replace existing assets	718	617	866	249
Increase (decrease) in reserves	0	0	0	0
Increase (decrease) in investments	12,458	11,828	3,118	(8,710)
Total applications of capital funding	14,994	15,311	6,567	(8,744)
Surplus (Deficit) of capital funding	(2,718)	(2,704)	(2,359)	345
Funding balance	0	0	0	0

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2019/20 Annual Plan Variances against Long Term Plan

Internal income has reduced because the timing changes in the capital programme over the whole of council (along with a slightly more favourable interest rate environment) have resulted in reduced internal interest.

Staff costs have increased by \$480,000, including the climate change position agreed through annual plan deliberations.

Finance costs are predicted to be less than calculated in the Long Term Plan due to reduced external debt resulting from changes in the capital programme over the whole of Council [including an updated opening balance of external borrowings], the sale of community housing, and interest rates being slightly lower than anticipated.

External debt required has decreased reflecting the sale of Community Housing, also resulting in an offsetting movement in investments due to the effect on internal loans.

Updated assumptions indicate that \$800,000 will be received for the sale of other Council assets.

Changes to the capital programme are listed at the end of the Financials section of this document.

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	2,718	2,704	2,359	(345)
Subsidies and grants for capital expenditure	0	0	0	0
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,875)	(1,936)	(1,879)	57
Other non-cash income/expenditure	0	0	28	28
Net Surplus (Deficit) before taxation in Cost of Service Statement	843	768	508	(260)

ACCOUNTING INFORMATION

The financials

How we plan to fund the 2019/20 Work Programme

This section of the Annual Plan outlines Nelson City Council's Financial Strategy for the next year. Council must, under the Local Government Act 2002, manage its assets, expenses, revenues, investments, liabilities and general financial dealings prudently. It must manage these in a manner that sustainably promotes the community's current and future interests.

Keeping within the limits set out in our Financial Strategy

A key priority for Council is to keep within the rating and loan limits that were set as part of last year's LTP. For 2019/20 the projected rates increase, including an allowance for growth, as per the Long Term Plan, was 3.9%. The projected Total Net Debt in the Long Term Plan was \$121.5 million.

The changes to the work programme for 2019/20 changed the projection for the rates increase to 4.2%, and Total Net Debt is forecast to be \$91.7 million at the end of July 2020. The lower proposed debt forecast reflects a proposed sale of assets as well as lower opening debt levels anticipated at 30 June 2019 compared to the Long Term Plan.

Council had to carefully consider the mix of projects and programmes that it intends to provide in 2019/20. Overall operating expenditure is forecast to be \$112.9 million in 2019/20, compared to \$111.9 million forecast in the Long Term Plan for 2019/20, and the capital expenditure is forecast to be \$46.7 million, which is higher than the Long Term Plan forecast of \$46 million.

What has changed?

	Long Term Plan 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to Long Term Plan 2019/20 (\$000)
Total Income	122,080	127,980	128,712	732
Total Operating Expenditure	108,987	111,880	112,867	987
Capital expenditure	44,494	45,973	46,737	764

What will my new rates be?

The overall increase in rates for 2019/20 is set at 4.2%. For further information on how Council sets its rates and charges, please refer to the Funding Impact Statement section below.

The three yearly valuation of the city for rating purposes was undertaken in 2018. The new values will be used as the basis for assessing rates as from 1 July 2019. The revaluation does not, of itself, generate any additional revenue for Council. Rather, the updated base means rates will be spread between ratepayers in different proportions than before. If your land value has increased by more than the average for the city, you can expect your rates to increase by more than the average. If your land value has decreased, this will usually mean your rates will be lower than the average and, in some instances may decrease.

If you'd like to know what the projected average rates increase of 4.2% means for your property, you can find out at nelson.govt.nz/rates-search/

Funding Impact Statement

How much will my rates cost?

Total rates on each property in Nelson include payment for local authority (city council) and regional council services. Council is a unitary authority combining both of these functions. The final figure is made up of a combination of whichever of the following apply to your rating unit(s):

- General rate, which includes the uniform annual general charge (UAGC)
- Stormwater and flood protection charge
- Wastewater charge or commercial wastewater charge for sewage disposal
- Water annual charge
- Water volumetric rate

If part of scheme:

- Clean Heat Warm Home targeted rate
- Solar hot water targeted rate
- Postponement application charge
- Postponement interest.

DIFFERENTIALS

Some rates are set on a differential basis, which adjust rates upwards or downwards, typically depending on whether more or less Council services are provided, for example commercial, rural or multi-unit properties.

RATES AND CHARGES

The 'funding impact statement' sets out the rates and charges that are planned for the next year.

Unless otherwise stated, rates and charges are shown including GST.

RATING UNITS

The projected number of rating units within Nelson at 30 June 2019 is 22,418.

The projected total capital value of rating units within Nelson at 30 June 2019 is \$16,048,000.

The projected total land value of rating units within Nelson at 30 June 2019 is \$7,436,000.

RATING OF SEPARATELY USED OR INHABITED PARTS (SUIP) OF A RATING UNIT

Definition

A separately used or inhabited part of a rating unit includes any part separately used or inhabited by the owner or by any other person or body having the right to use or inhabit that part by virtue of a tenancy, lease, license or other agreement. This definition includes separately used parts, whether or not actually occupied at any particular time, which are used by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner. For the purpose of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than the owner and usually used as such are defined as 'used' by the owner for this separate purpose. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

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The following are considered to be separately used or inhabited parts of a rating unit where the above requirements are met.

- Flats or apartments (including flats that share kitchen or bathroom facilities)
- Separately leased commercial areas of a rating unit
- Where there is multiple use of a single rating unit, such as a shop with a dwelling.

The following are not considered to be separately used parts of a rating unit:

- A residential sleep-out or granny flat without independent kitchen facilities
- A hotel room with or without kitchen facilities
- A motel room with or without kitchen facilities
- A bed and breakfast room with or without kitchen facilities
- Individual offices or premises of business partners
- Individually leased carparks
- Storage units
- Properties subject to statutory declarations for unoccupied or second residential units not being used as separate units.

Examples of Rates for 2019/20

To further clarify the rates changes from 2018/19 to those for the 2019/20 rating year a selection of properties has been shown to provide a guide. The following table is GST inclusive.

Examples of Total Impact of General and Targeted Rates on Different Land Uses and Values (GST Inclusive)												
Property Type	2015 Land Value	2018/19 Rates	2019/20 Rates									
			2018 Land Value	% Land Value Increase	General Rate	UAGC	Stormwater/ Flood Protection	Waste water	Water Annual Charge	Total Rates	% increase on 2018/19	\$ increase on 2018/19
Residential (Average LV Change 48.3%)	\$90,000	\$2,018	\$147,000	63.3	\$755	\$435	\$330	\$478	\$200	\$2,199	8.96	\$181
	\$105,000	\$2,127	\$160,000	52.4	\$822	\$435	\$330	\$478	\$200	\$2,266	6.51	\$139
	\$125,000	\$2,272	\$175,000	40.0	\$899	\$435	\$330	\$478	\$200	\$2,343	3.09	\$70
	\$147,000	\$2,432	\$220,000	49.7	\$1,130	\$435	\$330	\$478	\$200	\$2,574	5.81	\$141
	\$200,000	\$2,818	\$275,000	37.5	\$1,412	\$435	\$330	\$478	\$200	\$2,856	1.36	\$38
	\$210,000	\$2,890	\$315,000	50.0	\$1,617	\$435	\$330	\$478	\$200	\$3,061	5.91	\$171
	\$230,000	\$3,036	\$370,000	60.9	\$1,900	\$435	\$330	\$478	\$200	\$3,344	10.14	\$308
	\$255,000	\$3,218	\$400,000	56.9	\$2,054	\$435	\$330	\$478	\$200	\$3,498	8.71	\$280
	\$315,000	\$3,654	\$435,000	38.1	\$2,234	\$435	\$330	\$478	\$200	\$3,678	0.65	\$24
	\$330,000	\$3,763	\$495,000	50.0	\$2,542	\$435	\$330	\$478	\$200	\$3,986	5.92	\$223
	\$445,000	\$4,599	\$650,000	46.1	\$3,337	\$435	\$330	\$478	\$200	\$4,782	3.96	\$182
	\$580,000	\$5,581	\$800,000	37.9	\$4,108	\$435	\$330	\$478	\$200	\$5,552	-0.52	-\$29
Multi Residential (Two flats - Two UAGC & Wastewater Charges)	\$220,000	\$4,169	\$320,000	45.5	\$1,807	\$870	\$330	\$956	\$401	\$4,365	4.70	\$196
	\$800,000	\$8,610	\$1,100,000	37.5	\$6,213	\$870	\$330	\$956	\$200	\$8,570	-0.47	-\$40
Empty Residential Section (Water annual charge included if water meter is installed)	\$82,000	\$1,330	\$113,000	37.8	\$580	\$435	\$330			\$1,346	1.21	\$16
	\$220,000	\$2,531	\$295,000	34.1	\$1,515	\$435	\$330		\$200	\$2,481	-1.98	-\$50
	\$405,000	\$3,876	\$560,000	38.3	\$2,875	\$435	\$330		\$200	\$3,841	-0.89	-\$35
Small Holding (Water annual charge included if water meter installed) (Average LV Change - 35.85)	\$280,000	\$2,566	\$370,000	32.1	\$1,710	\$435	\$330			\$2,475	-3.52	-\$90
	\$385,000	\$3,451	\$520,000	35.1	\$2,403	\$435	\$330		\$200	\$3,369	-2.37	-\$82
Rural (Water annual charge included if water meter installed) (Average LV Change 12.2%)	\$790,000	\$4,150	\$920,000	16.5	\$3,071	\$435				\$3,506	-15.52	-\$644
	\$1,940,000	\$9,783	\$2,140,000	10.3	\$7,142	\$435			\$200	\$7,778	-20.49	-\$2,005
Commercial - Outside Inner City / Stoke - 1 Unit	\$365,000	\$7,719	\$475,000	30.1	\$6,763	\$435	\$330	\$119	\$200	\$7,849	1.68	\$129
Commercial - Outside Inner City / Stoke - 1 Unit	\$355,000	\$8,258	\$495,000	39.4	\$7,048	\$870	\$330	\$239	\$401	\$8,889	7.64	\$631
Commercial - Outside Inner City / Stoke - 1 Unit	\$335,000	\$7,170	\$470,000	40.3	\$6,692	\$435	\$330	\$119	\$200	\$7,778	8.47	\$607
Commercial - Stoke - 1 Unit	\$35,000	\$1,670	\$44,000	25.7	\$800	\$435	\$330	\$119	\$0	\$1,685	0.90	\$15
Commercial - Inner City - 2 Units	\$290,000	\$8,699	\$365,000	25.9	\$6,833	\$870	\$330	\$239	\$200	\$8,473	-2.59	-\$226
Commercial - Inner City - 2 Units	\$330,000	\$9,683	\$415,000	25.8	\$7,769	\$870	\$330	\$239	\$200	\$9,409	-2.83	-\$274
Commercial - Inner City - 1 Unit	\$1,160,000	\$29,582	\$1,450,000	25.0	\$27,145	\$435	\$330	\$119	\$200	\$28,231	-4.57	-\$1,351
Average Residential Property			\$280,000		\$1,438	\$435	\$330	\$478	\$200	\$2,882		
This table does not include water charges based on consumption. This is charged at \$2.137 per cubic meter and an average residential ratepayer uses 160 m3 costing \$341.92 (GST Incl)												

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GENERAL RATE

A general rate set under section 13 of the Local Government (Rating) Act 2002 is based on the rateable value of the land. General rates are set at different rates in the dollar of rateable value for different categories of rateable land. The general rate is 0.51346 cents in the land value dollar (including GST) for the 2019/20 rating year for the base differential category.

This compares to the previous year's rate of 0.72712 in the land value dollar in the 2018/19 rating year for the base differential category.

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is set under section 15 of the Local Government (Rating) Act 2002 per separately used or inhabited part of a rating unit.

It is assessed:

- As a charge for services which have an equal element of benefit irrespective of property value
- To ensure a minimum charge on all properties
- To reduce the extremes of rates paid by the highest and lowest valued rating units
- In recognition that land valuation-based rating does not necessarily reflect a ratepayer's ability to pay.

Council will collect 14% of rates, excluding Solar Saver and Clean Heat Warm Homes targeted rates and water annual charge and water volumetric rate, through the UAGC.

The UAGC is \$435.22 including GST per separately used or inhabited part of a rating unit for the 2019/20 rating year. The charge for 2019/20 is \$19.28 higher than the charge of \$415.94 for the 2018/19 rating year.

The rates revenue sought from the uniform annual general charge and certain targeted rates set as a fixed amount is 19.65% of the total revenue from all rates sought by Council. This is well within the 30% limit set by Section 21 of the Local Government (Rating) Act 2002.

DIFFERENTIALS

Differentials are adjustments to the rates of particular property types to better reflect the services provided by Council. Commercial properties pay higher rates to reflect additional services such as street cleaning and car parks. Properties classified as rural have a negative differential to reflect the fewer Council services provided to those properties.

CATEGORIES OF DIFFERENTIALS BASED ON LAND USE

These differential categories are defined in accordance with the provisions of Schedule Two of the Local Government (Rating) Act 2002. The same definitions are also used to calculate the liability for some other rates. The differential categories are as follows:

General Rate

- *Residential* – all rating units that are used primarily for residential purposes.
- *Multi Residential* – all rating units that contain more than one residential dwelling that are capable of being used primarily for residential purposes.
- *Commercial* – any rating unit which is used primarily for commercial use. Properties that have a portion of residential use shall have a reduced commercial differential.
- *Inner City Commercial* – any rating unit which is used primarily for commercial use that is located within the Inner City Zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced inner city commercial differential.

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- *Stoke Commercial* – any rating unit which is used primarily for commercial use that is located within the Stoke commercial zone, as defined in the Nelson Resource Management Plan. Properties that have a portion of residential use shall have a reduced Stoke commercial differential.
- *Rural* – any rating unit having an area greater than 15 hectares which is used primarily for dairy, fattening and grazing, quarries, forestry or horticultural use and is recorded as rural on the District Valuation Roll.
- *Small Holding* – any rating unit which is primarily used as a small holding and having an area greater than 0.5 hectares but is less than 15 hectares and is recorded as a small holding on the District Valuation Roll.

Rating categories

Council has adopted the following differentials:

- Single residential with non-rateable portion and Multi Residential both have a plus 10% general rate differential
- Rural have a minus 35% general rate differential
- Small holdings have a minus 10% general rate differential

Commercial rates are set to collect 24.1% of the total rates excluding water annual charge and water volumetric rate, Clean Heat Warm Homes and Solar Saver charges. This has decreased from 24.6% in the Annual Plan 2018/19 and the reduction affects the inner city and Stoke commercial properties. 25.522% of this is funded from inner city commercial properties, 1.869% from Stoke commercial properties, while 72.609% is funded from commercial excluding inner city and Stoke commercial properties.

This would result in commercial properties paying a total of \$18,257,863 (including water annual charge) in rates for the 2019/20 rating year compared to \$17,608,260 the previous year. The commercial zones of inner city and Stoke are defined in the Nelson Resource Management Plan.

DIFFERENTIAL RATES FOR THE GENERAL RATE

Council's general rate is assessed on a differential basis.

Category 2019/20	Differential %	Cents in the dollar
Residential – single unit	0.0	0.51346
Residential empty section	0.0	0.51346
Single residential unit forming part of a parent valuation, the remainder of which is non-rateable	10.0	0.56481
Multi Residential	10.0	0.56481
Rural	-35.0	0.33375
Small holding	-10.0	0.46211

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Category 2019/20	Differential %	Cents in the dollar
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Commercial – excluding inner city and Stoke commercial

100% commercial and industrial (occupied and empty)	177.3	1.42382
25% residential/75% commercial	133	1.19636
50% residential/50% commercial	88.7	0.96890
75% residential/25% commercial	44.3	0.74092

Commercial – inner city

100% commercial and industrial (occupied and empty)	264.6	1.87208
25% residential/75% commercial	198.5	1.53268
50% residential/50% commercial	132.3	1.19277
75% residential/25% commercial	66.2	0.85337

Commercial – Stoke

100% commercial and industrial (occupied and empty)	254	1.81765
25% residential/75% commercial	190.5	1.49160
50% residential/50% commercial	127	1.16555
75% residential/25% commercial	63.5	0.83951

The categories that are to be used for applying the general rate differential and the amount of total revenue (excluding volumetric water) to be collected from each category, for 2019/20, is as follows:

Category	Total Revenue to be collected (\$)
Residential	54,403,840
Multi-residential	4,068,132
Commercial (Inner City, Stoke and other)	18,257,863

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Rural	443,362
Small holding	1,809,628

Properties that have more than one use identified above will be placed into a rating category subject to the rating unit's majority use as determined by Council. The neutral base from which differentials are calculated is a residential property with a single dwelling.

Note: Objections to the Rating Information Database under Section 29 of the Local Government (Rating) Act 2002 will be reviewed by Council and Council is the sole determiner of rating categories.

STORMWATER AND FLOOD PROTECTION CHARGE

The stormwater and flood protection charge is a uniform targeted rate set under section 16 of the Local Government (Rating) Act 2002 per rating unit and is \$330.47 for the 2019/20 rating year. It recovers the funding required by Council for stormwater and flood protection purposes. It is assessed on all rating units excluding:

- Rural rating units
- Rating units east of the Gentle Annie saddle
- Saxton's Island
- Council's stormwater network

The charge for 2019/20 is \$12.88 higher than the charge of \$317.59 for the 2018/19 rating year.

TARGETED RATES FOR CLEAN HEAT WARM HOMES

The Clean Heat Warm Homes (CHWH) rates are targeted rates under Section 16 of the Local Government (Rating) Act 2002 and are assessed on each separately used or inhabited part of a rating unit that has been provided with home insulation and/or a heater to replace a non-complying solid fuel burner in accordance with agreement of the original ratepayer.

The cost to the community is from funding the interest on the borrowing for the assistance, the administration costs and any rate remissions. The CHWH scheme closed to new applicants from 30 May 2012, but interest costs continue until the last targeted rate is repaid in 2022.

For CHWH agreements dated before 1 July 2011, the targeted rate for each year is based on the agreement entered into with the ratepayer, adjusted for any change in GST.

For CHWH agreements dated on or after 1 July 2011, the targeted rate for each year for 10 years is the total cost of the installed works excluding GST, divided by 10, plus GST at the current rate.

The table below details the loan assistance bands:

Loan Assistance Range	Installation after 30 Sept 2010	Completed prior to 30 Sept 2010
\$1,400 to \$1,599	\$140.00	\$143.11
\$1,600 to \$1,799	\$160.00	\$163.56
\$1,800 to \$1,999	\$180.00	\$184.00
\$2,000 to \$2,199	\$200.00	\$204.44
\$2,200 to \$2,399	\$220.00	\$224.89
\$2,400 to \$2,599	\$240.00	\$245.34
\$2,600 to \$2,799	\$260.00	\$265.78
\$2,800 to \$2,999	\$280.00	\$286.22
\$3,000 to \$3,199	\$300.00	\$306.67

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Loan Assistance Range	Installation after 30 Sept 2010	Completed prior to 30 Sept 2010
\$3,200 to \$3,399	\$320.00	\$327.11
\$3,400 to \$3,599	\$340.00	\$347.56
\$3,600 to \$3,799	\$360.00	\$368.00
\$3,800 to \$3,999	\$380.00	\$388.44
\$4,000 to \$4,199	\$400.00	\$408.89
\$4,200 to \$4,399	\$420.00	\$429.34
\$4,400 to \$4,599	\$440.00	\$449.78
\$4,600 to \$4,799	\$460.00	\$470.22
\$4,800 to \$4,999	\$480.00	\$490.67

TARGETED RATE FOR SOLAR HOT WATER SYSTEMS

The Solar Saver charge is a targeted rate collected under Section 16 of the Local Government (Rating) Act 2002 on each separately used or inhabited part of a rating unit where the owner has been provided with financial assistance to install a Solar Hot Water System (SHWS).

The targeted rate applying to any participating property is determined on the extent of provision of service by the net cost of the work including GST, after deducting EECA grants, plus the funding cost. The full cost of the works and Council's costs of borrowing and administering the scheme are paid over a 10 year period by the homeowner receiving the service.

Calculation factors:

- 0.14964 (including GST) for agreements entered into prior to 1 July 2011, multiplied by the Net Cost of the Work adjusted for any increased GST
- 0.13847 (including GST) for agreements entered into after 1 July 2011 multiplied by the Net Cost of the Work.

The CHWS scheme closed to new applicants from 30 June 2012.

WASTEWATER CHARGE

A targeted rate is set under Section 16 of the Local Government (Rating) Act 2002 to recover the costs required for Council's wastewater and sewage disposal system. This charge is assessed to all rating units to which Council's wastewater and sewage disposal service is connected either directly or through a private drain to a public waste water drain.

The wastewater charge for residential, multi-residential, rural and smallholding properties is \$477.93 per separately used or inhabited part of a rating unit including GST for the 2019/20 rating year compared to the previous year's rate of \$432.30. The same definition of the differential categories for the general rate is used for the wastewater charge.

The wastewater charge for commercial properties is set at \$119.48 per separately used or inhabited part of a rating unit being 25% of the charge for the residential, multi-residential, rural and smallholding properties. Commercial properties are also assessed wastewater charges based on Council's Trade Waste Bylaw. These charges are set out in the Commercial Wastewater Charge – Trade Waste Charges section of this Annual Plan 2019-20.

WATER RATES

Nelson's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 which together recover the funding required by Council to supply water.

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WATER ANNUAL CHARGE

A fixed annual charge set per connection under Section 16 of the Local Government (Rating) Act 2002 on all rating units where a water meter is installed on the property.

The annual rate for 2019/20 is \$200.40 per connection including GST compared with \$197.68 in the previous year.

WATER VOLUMETRIC RATE

A charge for the quantity of water provided set under Section 19 of the Local Government (Rating) Act 2002 according to the following scale. These charges are invoiced separately from the other rates.

The cost per cubic meter is set out in the table below:

WATER CHARGES – RESIDENTIAL, COMMERCIAL AND INDUSTRIAL INCLUDING GST

Amount/type	Cost (\$ per m3) 2018/19	Cost (\$ per m3) 2019/20
Usage up to 10,000m ³ per year	2.102	2.137
Usage from 10,001 to 100,000m ³ per year	1.659	1.883
Usage over 100,000m ³ per year	1.310	1.486
Summer irrigation usage over 10,000m ³ per year	1.881	2.010

The water rates represent an average increase of 1.1% for the 2019/20 year for an average water user.

Note: an average residential water user uses 160m³ per annum.

Lump sum contributions will not be invited in respect of any targeted rate.

PAYMENTS, PENALTIES AND DISCOUNTS

Payment methods for rates

Payment for rates can be made by Cash, Cheque, EFTPOS, Direct Debit, Direct Credit, Internet Banking, Telephone Banking and Credit Card (via our website only).

Penalty on unpaid rates (excluding water volumetric rates)

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each instalment or part thereof that is unpaid after the last date for payment. The penalty dates are 20 August 2019, 20 November 2019, 20 February 2020 and 20 May 2020. Previous year's rates that remain unpaid will have a further 10% penalty added on 8 July 2019 and 8 January 2020.

Penalty on unpaid water volumetric rates

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10% is added to each water account or part thereof that is unpaid after the last date for payment. The penalty is added three working days after the last day for payment.

Penalty remission on full payment of yearly rates

The total annual rates, excluding water volumetric rates, may be paid in one lump sum by 20 November 2019 and any first instalment penalty already incurred will be remitted.

Discount for early payment of rates

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water volumetric rates, will be allowed where they are paid in full on or before 20 August 2019.

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FUNDING IMPACT STATEMENT

	Long Term Plan 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP 2019/20 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	47,151	49,434	49,471	37
Targeted rates including water by meter	25,707	27,077	27,177	100
Subsidies and grants for operating purposes	4,069	3,892	4,137	245
Fees and charges	10,666	10,738	10,583	(155)
Interest and dividends from investments	3,863	3,628	3,608	(20)
Local authorities fuel tax, fines, infringement fees, and other receipts	15,160	15,305	14,480	(825)
Total Operating Funding	106,616	110,074	109,456	(618)
Applications of operating funding				
Payments to staff and suppliers	78,510	80,061	81,922	1,861
Finance costs	5,022	5,503	3,961	(1,542)
Other operating funding applications	0	0	0	0
Total applications of operating funding	83,532	85,564	85,883	319
Surplus (Deficit) of operating funding	23,084	24,510	23,573	(937)
Sources of capital funding				
Subsidies and grants for capital	4,836	5,425	6,242	817
Development and financial contributions	3,547	3,623	3,499	(124)
Increase (decrease) in debt	12,512	11,756	2,936	(8,202)
Gross proceeds from sale of assets	25	26	9,208	9,182
Lump sum contributions	0	0	0	0
Total sources of capital funding	20,920	20,830	21,885	1,055
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	6,172	5,692	6,602	910
- to improve level of service	20,888	25,658	24,382	(1,276)
- to replace existing assets	17,434	14,623	15,753	1,130
Increase (decrease) in reserves	(111)	243	2	(241)
Increase (decrease) in investments	(379)	(876)	(1,281)	(405)
Total applications of capital funding	44,004	45,340	45,458	118
Surplus (Deficit) of capital funding	(23,084)	(24,510)	(23,573)	937
Funding balance	0	0	0	0

Reconciliation between the surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of operating funding in the Funding Impact Statement

	Budget 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP 2019/20 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,084	24,510	23,573	(937)
Subsidies and grants for capital expenditure	4,836	5,425	6,242	817
Development and financial contributions	3,547	3,623	3,499	(124)
Vested Assets	7,000	8,774	8,774	0
Gains on sale	0	0	0	0
Depreciation	(25,455)	(26,316)	(26,984)	(668)
Other non-cash income	81	84	741	657
other non-cash expenditure	0	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	13,093	16,100	15,845	(254)

Commercial Wastewater Charge – Trade Waste Charges

Wastewater charges for commercial properties are set according to Council's Trade Waste Bylaw. The methodology for calculating the charges to commercial producers is complicated, but in summary Council examines the flow rates and effluent strength during the previous three years to calculate charges for the following year.

Two methods are used for commercial properties:

- Method A is applied to the largest trade waste contributor and the charge is calculated on both discharge rates and effluent strength. Charges are highest for the most concentrated and larger volumes.
- Method B applies to all other trade waste contributors, of which there are approximately 2000 in Nelson city. The charge is calculated based on the estimated volume of effluent discharged. The estimate assumes the amount of wastewater is 80% of the volume of incoming water.
- Total trade waste revenue for 2019/20 is estimated to be \$1,728,600

For 2019/20, the GST inclusive trade waste charges are:

- Trade waste A conveying charge \$633.73 per litre per minute
- Trade waste A treatment charge \$1128.54 per kg BOD* per day
- Trade waste B combined charge \$2.00 per m³
- Wastewater charge \$119.48 per year.

*BOD is the biochemical oxygen demand, or effluent strength.

For the previous year, 2018/19, the GST inclusive trade waste charges were:

- Trade waste A conveying charge \$625.01 per litre per minute
- Trade waste A treatment charge \$1,123.75 per kg BOD* per day
- Trade waste B combined charge \$1.96 per m³
- Wastewater charge \$108.53 per year.

Method A: quality/quantity approach

The largest commercial contributor is monitored every three months and the waste stream sampled over four days to measure the discharge rate and effluent strength as BOD, the biochemical oxygen demand. The trade waste charge is then calculated using the conveyance, which is the amount discharged, and treatment rates from the method of charging schedule. These rates are determined annually. The conveyance rate is calculated by dividing the estimated conveyance costs for the coming financial year by the average of the previous three year's average flows. The treatment rate is calculated by dividing the estimated treatment costs for the coming financial year by the average of the previous three year's BOD loadings.

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The 2019/20 charges compared with the previous year's charges are:

CONVEYING (\$/ANNUM/LITRE/MINUTE), INCLUDING GST

Year	Total Cost (\$)	Average Flow Rate (litres/minute)	Cost/Litre/Minute (\$)
2018/19	6,476,807	10,363	625.01
2019/20	7,232,821	11,413	633.73

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/BOD/day (\$)
2018/19	4,182,416	3,722	1,123.75
2019/20	4,782,130	4,237	1,128.54

TREATMENT (\$/KG BOD/DAY), INCLUDING GST

Method B: quantity approach

For all other commercial premises, the trade-waste charge is simply based on the volume of effluent assessed as being discharged from the premises.

This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by the average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2019/20 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost (\$)	Total effluent volume (m3)	Cost/m3 (\$)
2018/19	10,659,223	5,446,636	1.96
2019/20	12,014,952	5,998,738	2.00

ACCOUNTING POLICIES

Reporting entity

The Nelson City Council Group consists of Nelson City Council, its subsidiaries and associates and joint ventures.

The information provided in these prospective financial statements includes the operation of Nelson City Council ('Council') only, as Council considers that this provides the clearest and most relevant information about the cost of services provided to ratepayers and consequently the rates income that is required to fund those services. The level of rates funding required to provide core services is not affected by other members of the group except to the extent that Council receives distributions from, or further invests in, those other members. The effects of such transactions are included in the prospective financial statements of the Council.

Basis of preparation

These prospective statements of Nelson City Council are for the year from 1 July 2019. The forecast information was authorised for issue by Council on 27 June 2019.

This prospective financial information is based upon the financial statements as published in the June 2018 Annual Report, and adjusted to incorporate updated assumptions and Council decisions made for the purpose of this Annual Plan. Actual financial results are likely to be different from these Prospective Financial Statements, and that difference may be material.

Statement of compliance

This forecast information has been prepared in accordance with the requirements of the Local Government Act 2002. With the exception of the Funding Impact Statements this forecast information has also been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) as it relates to prospective financial information and PBE FRS 42 – prospective financial statements. They comply with Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS), and other applicable financial reporting standards, as appropriate for public benefit entities.

The prospective financial statements have been prepared in accordance with Tier 1 PBE standards.

The Funding Impact Statements (FIS) do not comply with GAAP as they do not recognise depreciation and movements in the valuation of assets and also they do not show capital income (Subsidies and Development Contributions) as operating income. A reconciliation is provided between the FIS surplus/ (deficit) of operating funding and the Statement of Comprehensive Revenue.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of the Entity and its subsidiaries and associate is New Zealand dollars.

Summary of Significant Accounting Policies

The measurement base adopted is that of historical cost, modified by the revaluation of certain assets.

The following particular accounting policies, which materially affect the anticipated results, have been applied.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

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Exchange and non-exchange transactions

An exchange transaction is one in which Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value in exchange. Non exchange transactions are where Council receives value from another entity without giving approximately equal value in exchange.

The specific accounting policies for significant revenue items are explained below:

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All customers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

All rates with the exception of water by meter are non-exchange transactions. Water by meter charges are exchange transactions.

Government grants

Council receives government grants, in the main from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Government grants are generally non exchange transactions.

Provision of commercially based services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided. These are exchange transactions and include rents and resource and building consents.

Vested assets

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income. Assets vested in the Council are recognised as income when control over the asset is obtained. This is non exchange revenue.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer. These are exchange transactions.

Traffic and parking infringements

Revenue from traffic and parking infringements is recognised when paid. This income is non exchange revenue.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Interest and dividends are considered income from exchange transactions.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service. Development and financial contributions are non-exchange transactions.

Suspensory Loans

The Council considers that suspensory loans are in substance a grant with conditions and has recognised the funds received as a liability and releases the liability to revenue on a straight line basis

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over the term of the agreement(s). This is in substance a non-exchange transaction.

Expenditure

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight line basis over the lease term.

Any lease incentives received are recognised in the surplus or deficit over the lease term as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

Receivables

Short term debtors and other receivables are recorded at their face value, less any provision for impairment.

Derivative financial instruments

The Council uses derivative financial instruments (interest rate swaps) to minimise its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and subsequently re measured to fair value at balance date. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. The valuation at balance date is performed by Hedgebook Limited.

Swaps are entered into with the objective of reducing the risk of rising interest rates. Any gains or losses arising from the changes in fair value of derivatives are taken directly to the surplus or deficit for the year. The fair value of interest rate swaps is determined by reference to market values for similar instruments. The net differential paid or received on interest rate swaps is recognised as a component of interest expense or interest revenue over the period of the agreement.

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Swaps are classified as non-current if the remaining maturity is more than 12 months, and as current if the remaining maturity is less than 12 months.

Although some members of the Group do so, the Council (parent) does not apply hedge accounting for its derivative financial instruments.

Fixed Assets

Property, plant, and equipment consist of:

- **Operational Assets** – these include land, buildings, improvements, motor vehicles, plant and equipment, library books, forestry and the marina.
- **Restricted Assets** – restricted assets are land, buildings and improvements, which are owned by Council but which benefit or service the community.
- **Heritage Assets** – Heritage Assets – include museum artefacts, collections and historical buildings and monuments.
- **Infrastructure Assets** – infrastructure assets are the fixed utility systems owned by Council. These include the roading, water, sewer and stormwater networks.

Revaluation

All asset classes are carried at depreciated historical cost with the exception of infrastructure assets apart from land under roads and land (operational and restricted). These are re valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

Revaluations of property, plant, and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive income but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Entity and Group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.

New Council assets that are added between valuations are recorded at cost except when acquired through a non-exchange transaction. Where an asset is acquired through a non-exchange transaction, such as vested assets, it is recognised at fair value as at the date of acquisition. Vested assets are infrastructural assets such as roads, sewers and water mains, paid for by sub-dividers and vested in the City on completion of the subdivision. The fair value is based on the actual quantities of infrastructure components and the current "in the ground" cost of providing identical services.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

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Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Entity and the cost of the item can be measured reliably.

Depreciation

Depreciation has been provided on a straight line basis on all fixed assets, other than forestry, heritage, operational land, restricted land, land under roads and the marina basin at rates that will write off the cost or valuation of the assets to their estimated residual values over their useful lives.

Assets depreciated are as follows:

ASSET	DEPRECIABLE LIFE (YEARS)
Operational	
Buildings	50 – 100
Improvements	Nil – 20
Motor vehicles	7
Plant and equipment	2 – 30
Library books	3 – 10
Marina	30 - 50
Restricted	
Buildings	50 – 100
Improvements	Nil – 20
Roading	
Roads formation	n/a
Sub-base	n/a
Basecourse	5 – 80

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ASSET	DEPRECIABLE LIFE (YEARS)
Surfacing (sealed)	1 – 50
Surfacing (unsealed)	n/a
Bridges	20 – 100
Retaining/sea walls	30 – 100
Box culverts	60 – 90
Footpaths	5 – 100
Streetlights	20 – 60
Signs	15
Water Supply	
Pipeline	55 – 120
Manholes	58 – 110
Reservoirs and tanks	100
Dams	10 – 200
Wastewater	
Pipeline	40 – 120
Manholes	80
Pump stations	10 – 50
Oxidation pond	15 – 151
Stormwater	
Pipeline	50 – 90
Bank protection	25 – 100
Manholes	90
Solid waste	
Pipes	60 – 90
Ponds and dam	100
Gas flare	20
Resource consents	24

Impairment of Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired, and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Other Fixed Assets including Biological Assets, Intangible Assets, Investment Property, and Work in Progress

Biological assets

Forestry assets are valued annually at fair value less estimated costs to sell for one growth cycle. The valuation methodology adopted is net present value based on the age and condition of the trees. The valuation was undertaken by PF Olsen on 30 June 2018. Changes in the valuation of the forestry assets

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are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use, are recognised as an intangible asset. Direct costs include the software development employee related costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Intangible Asset	Useful life (years)	Amortisation rate
Computer software	3 - 10	10 – 33%

Inventory

Inventories are valued at cost or net realisable value, whichever is lower. For the purposes of arriving at the cost, the weighted average cost method is used.

Work in progress

Profits on contracts are recognised progressively over the period of each contract. The contract amount included in the surplus or deficit, and the value of work in progress, are established by assessment of individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. Foreseeable losses on contracts are recognised immediately.

Investment property

Investment property is measured initially at its cost, including transaction costs.

Council's investment property is valued annually at fair value as at 30 June. Investment properties were valued based on open market evidence. The valuation was performed by Telfer Young (Nelson) Limited and changes in valuation are recognised in the surplus or deficit.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade date, the date on which the Council and Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Entity and Group has transferred substantially all the risks and rewards of ownership.

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Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit
- loans and receivables
- held to maturity investments
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short term profit taking.

Derivatives are also classified as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy.

Loans and receivables (including cash and cash equivalents and other receivables)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

Trade and other receivables are initially measured at fair value, subsequently measured at amortised cost using the effective interest method less any provision for impairment and are stated at expected realisable value after providing for doubtful and uncollectable debts. Any accounts considered to be unrecoverable are written off at year end.

Loans made to community organisations if at nil or below market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar financial instrument. The difference between the current value and the face value of the expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

With the exception of shares in the Local Government Insurance Corporation, which are recorded at their net asset value, investments other than in associated entities are measured after initial recognition at amortised cost, using the effective interest method, less impairment. Gains or losses when the asset is impaired or derecognised are recognised in surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Entity and Group includes in this category:

- investments that it intends to hold long term but which may be realised before maturity
- shareholdings that it holds for strategic purposes.

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After initial recognition, these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Impairment of a loan or a receivable is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectable, it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the instruments. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Entity or Group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

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Creditors and other payables

Short term creditors and other payables are recorded at their face value.

Employee entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave and retirement gratuities. Provision has been made for annual leave due and retirement gratuities calculated on an actual entitlement basis at current rates of pay. The provision for long service leave is based on an actuarial calculation.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Provisions

The Regional Landfill Business Unit (a joint activity with Tasman District Council) has a legal obligation to provide ongoing maintenance and monitoring services at landfill sites after closure. This provision is calculated on the basis of discounting closure and post-closure costs into present day values. The calculation assumes no change in resource consent conditions for closure and post-closure treatment. Nelson City Council has consolidated its 50% share of this provision.

Income tax

Income tax expense comprises both current tax and deferred tax, and is calculated using tax rates that have been enacted or substantively enacted by balance date. Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Current tax and deferred tax is charged or credited to the surplus or deficit, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity

Goods and services tax

All items in the financial statements are stated exclusive of goods and services tax (GST), except for receivables and payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is

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included as part of receivables or payables in the statements of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

The cost of service for each significant activity of the Council has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

Equity

Equity is the community's interest in the Entity and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- accumulated funds
- restricted reserves
- property revaluation reserves
- Council created reserves

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Entity. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves

Part of the accumulated balance established at the will of the Council. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Revaluation reserves

The results of revaluing land, infrastructural assets and derivative instruments are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve for any class of asset, this is expensed in the surplus or deficit. To the extent that increases in value offset previous decreases debited to the surplus or deficit, the increase is credited to the surplus or deficit.

Critical accounting estimates and assumptions

In preparing these financial statements Nelson City Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost

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(DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets that are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets
- estimating any obsolescence or surplus capacity of an asset
- estimates are made when determining the remaining useful lives over which the asset will be depreciated.

These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates.

The revaluation of infrastructural assets is carried out in house by council engineering staff, and is then peer reviewed by experienced independent valuers.

Financials

Council's Annual Plan 2019/20 covers the period 1 July 2019 to 30 June 2020. It incorporates operating and capital expenditure for the period for the core Council entity – consolidated statements have not been prepared to include subsidiaries.

In this section, financial information is provided at a summary level but more detailed information for each activity and group of activities is included throughout the document.

This Annual Plan achieves the following:

- In general terms, maintains the current level of service for each of the Council activities.
- An ability to maintain the condition of the city's assets, although there is only limited provision for unforeseen events.
- A capital programme of \$46.7 million, which is \$764,000 more than what was planned in the Long Term Plan.
- Forecast net debt of \$91.7 million.
- An increase in the total rates requirement for 2019/20 of 4.2%, after allowing for a 0.87% growth in the rating base.

To provide a degree of certainty to ratepayers, the Financial Strategy sets limits on rate increases and levels of debt in each year of the Long Term Plan 2018-28. The table in the Annual Plan disclosure statement of this Annual Plan 2019/20 discloses Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 1

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Long Term Plan 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP 2019/20 (\$000)
Revenue				
Rates other than metered water, net of remissions	64,391	67,743	68,003	260
Subsidies and grants	8,905	9,317	10,379	1,06
Fees and charges including metered water	28,381	28,096	30,034	1,93
Other Revenue	20,345	22,779	20,249	(2,530)
Interest received	9	9	9	0
Other gains/losses	49	36	39	3
Total Revenue	122,080	127,980	128,712	732
Expenses				
Personnel costs	20,270	21,130	22,358	1,22
Finance costs	5,022	5,503	3,961	(1,542)
Depreciation and amortisation	25,455	26,316	26,984	668
Other expenses	58,240	58,931	59,564	633
Total Expenses	108,987	111,880	112,867	987
Net Surplus/(Deficit) before Taxation	13,093	16,100	15,845	(254)
Taxation	0	0	0	0
Net Surplus/(Deficit)	13,093	16,100	15,845	(254)
Increase in asset revaluation reserves	17,501	44,827	43,865	(962)
Total Other Comprehensive Revenue and Expense	17,501	44,827	43,865	(962)
Total Comprehensive Revenue and Expense	30,594	60,927	59,710	(1,216)

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STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Long Term Plan 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP 2019/20 (\$000)
Equity at beginning of year	1,440,535	1,471,129	1,495,121	23,992
Total comprehensive revenue and expense	30,594	60,927	59,710	(1,216)
Equity at end of year	1,471,129	1,532,055	1,554,831	22,776

The 2019/20 Annual Plan equity at the beginning of the year is based on 2017/18 Annual Report closing balance plus a forecast for 2018/19, and therefore is not equal to 2018/19 Long Term Plan equity at end of year.

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STATEMENT OF FINANCIAL POSITION

	Long Term Plan 2018/19 (\$'000)	Long Term Plan 2019/20 (\$'000)	Annual Plan 2019/20 (\$'000)	Difference to LTP 2019/20 (\$'000)
Current Assets				
Cash and cash equivalents	639	794	2,432	1,638
Inventories	0	0	0	0
Trade and other receivables	12,795	12,993	13,048	55
Other financial assets	1,466	637	2,602	1,964
Taxation	0	0	0	0
Derivative financial instruments	0	0	0	0
Total Current Assets	14,900	14,424	18,081	3,657
Non Current Assets				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	36,663	36,663	0
Investment in subsidiaries	8,200	8,200	8,200	0
Investment properties	1,142	1,167	1,201	34
Other financial assets	4,854	4,814	2,859	(1,955)
Intangible assets	2,256	2,256	2,380	124
Biological assets	4,270	4,351	3,704	(647)
Property, plant, and equipment*	1,532,491	1,605,723	1,603,053	(2,670)
Derivative financial instruments	25	25	0	(25)
Total Non Current Assets	1,589,901	1,663,199	1,658,060	(5,139)
Total Assets	1,604,801	1,677,623	1,676,141	(1,482)
Current Liabilities				
Bank overdraft	0	0	0	0
Trade and other payables	12,775	12,979	16,368	3,389
Provisions			267	267
Employee benefit liabilities	2,181	2,222	2,175	(47)
Taxation payable	0	0	0	0
Current portion of borrowings	15,579	37,264	24,123	(13,141)
Derivative financial instruments	40	40	116	76
Total Current Liabilities	30,576	52,506	43,049	(9,457)
Non Current Liabilities				
Trade and other payables	813	754	399	(355)
Provisions	1,652	1,663	1,563	(100)
Employee benefit liabilities	231	244	240	(4)
Derivative financial instruments	5,401	5,401	6,058	657
Non-current portion of borrowings	95,000	85,000	70,000	(15,000)
Total Non-Current Liabilities	103,097	93,062	78,261	(14,802)
Total Liabilities	133,672	145,568	121,310	(24,258)

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Net Assets	1,471,129	1,532,055	1,554,832	22,777
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	474,578	535,548	553,479	17,931
Other reserves	996,551	996,507	1,001,352	4,845
Total Ratepayer's Equity	1,471,129	1,532,055	1,554,831	22,776

Opening balances for 2019/20 Annual Plan have been derived from 2017/18 Annual Report closing balances plus a forecast for 2018/19, as this represents a more recent and accurate assessment than the 2018/19 Long Term Plan closing balances.

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CASH FLOW STATEMENT

	Long Term Plan 2018/19 (\$000)	Long Term Plan 2019/20 (\$000)	Annual Plan 2019/20 (\$000)	Difference to LTP 2019/20 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from rates revenue	72,754	76,417	76,648	231
Subsidies and grants received	8,905	9,317	10,379	1,062
Receipts from other revenue	25,712	25,939	24,854	(1,085)
Development and financial contributions	3,547	3,623	3,499	(124)
Interest Received	9	9	9	0
Dividends Received	3,854	3,619	3,599	(20)
	114,781	118,925	118,988	64
Cash was disbursed to:				
Payments to suppliers	58,560	59,046	59,279	233
Payments to employees	19,777	20,815	22,318	1,503
Interest Paid	5,022	5,503	3,961	(1,542)
Tax Paid/(refund)	0	0	0	0
	83,359	85,364	85,558	194
Net Cash Flows from Operating Activities	31,422	33,560	33,430	(130)
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investments and properties for resale	0	0	8,383	8,383
Repayment of LGFA borrower notes	80	0	160	160
Sale of biological assets	626	0	380	380
Sale of fixed assets	25	26	825	799
Repayment of community loans and advances	608	1,258	1,231	(27)
	1,339	1,284	10,979	9,695
Cash was disbursed to:				
Investments in LGFA* borrower notes	240	320	80	(240)
Community loans advanced	0	0	0	0
Other investments	0	0	0	0
Purchase of biological assets	248	81	121	40
Purchase of intangible assets	0	0	0	0
Purchase of fixed assets:				
Renewals	17,434	14,623	15,753	1,130
New works - growth	6,172	5,692	6,602	910
New works - Increased level of service	20,888	25,658	24,382	(1,276)
	44,982	46,374	46,938	564
Net Cash Flows from Investing Activities	(43,643)	(45,090)	(35,959)	9,131
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	14,856	17,857	2,529	(15,328)
Cash was applied to:				

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Repayment of borrowings	2,451	6,172	10,000	3,828
Net Cash Flows from Financing Activities	12,405	11,685	(7,471)	(19,156)
Net Increase/(Decrease) in Cash Held	184	155	(10,000)	(10,155)
Add Opening Cash Balance	455	639	12,432	11,793
Closing Balance	639	794	2,432	1,638

Represented by:

Cash and Cash Equivalents	639	794	2,432	<u>1,638</u>
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The opening cash balance for 2019/20 Annual Plan is based on the 2017/18 Annual Report closing balance plus a forecast for 2018/19 and therefore is not equal to the 2018/19 Long Term Plan closing balance.

* Local Government Funding Agency

Summary of capital expenditure over \$100,000 in any one year

<i>Project</i>			<i>2018/19 LTP</i>	<i>2019/20 LTP</i>	<i>Annual Plan 2019/20</i>	<i>Difference from LTP 2019/20</i>
Corporate						
Civic House						
1st Floor Upgrade			588,000	-	800,000	800,000
Air conditioning			395,000	255,500	400,000	144,500
Building modifications			30,000	1,328,600	50,000	(1,278,600)
Capital: Plant & Equipment			180,000	-	50,000	50,000
Civic House Renewal Program			17,000	162,498	174,498	12,000
Rental Properties						
Ex-Four Seasons Demolition (Haven Rd)				-	408,800	-
Policy						
Haven Precinct capital works			-	255,500	558,800	303,300
Administration						
Aerial Photography Programme			64,879	88,383	136,000	47,617
Fleet Vehicles			86,505	143,622	143,622	-
Core Systems enhancement			270,328	275,940	275,940	-
Corporate Projects under \$100,000			905,062	565,300	860,063	294,763
Total Corporate			2,536,774	3,484,143	3,448,923	(35,220)

Economic				
Economic Development				
CBD Enhancements	200,000	204,400	590,000	385,600
Total Economic	200,000	204,400	590,000	385,600
Environmental Management				
Monitoring the Environment				
Other Catchment Upgrades	108,131	110,478	110,478	-
Upper Trafalgar Street Pedestrian Precinct	-	-	250,000	250,000
Environmental Management Projects under \$100,000	149,816	191,779	200,819	9,040
Total Environmental Management	257,947	302,257	561,297	259,040
Flood Protection				
Maire Stream: Stage 1	150,000	-	-	-
Inventory of Urban Streams	238,000	102,200	251,400	149,200
Flood Mitigation	-	161,610	161,610	-
Saxton Creek upgrade	2,795,598	367,920	1,300,000	932,080
Minor Flood improvement prgm	-	-	300,000	300,000
Whakatu Drive (Storage World)	604,414	408,800	600,000	191,200
Secondary Flow Paths	50,000	102,200	102,200	-
Saxton Creek Culvert Upgrade	150,000	3,089,506	150,000	(2,939,506)
Orphanage Stream / Sunningdale	132,103	-	-	-

Orphanage Stream - bunding and Suffolk Road Culvert	140,000	858,480	918,480	60,000
Vested Assets	166,000	169,652	169,652	-
Flood Protection Projects under \$100,000	470,301	364,420	402,251	37,831
Total Flood Protection	4,896,416	5,624,788	4,355,593	(1,269,195)
Parks & Active Recreation				
Public Gardens				
Isel park bridge upgrade	60,000	127,750	100,000	(27,750)
Miyazu Garden Pond Relining	-	-	170,000	170,000
Neighbourhood Parks				
Reserve Development Programme	120,000	316,820	46,820	(270,000)
Land Purchase: General Reserve	1,180,000	817,600	1,198,211	380,611
Paddys Knob reserve development	20,000	-	180,000	180,000
Landscape reserves				
Capital: Grampians	150,000	255,500	50,000	(205,500)
Maitai MTB Hub	20,000	715,400	715,400	-
Retired forestry block conversion programme	-	-	229,000	229,000
Esplanade & Foreshore				
Modellers Pond Solution	-	970,900	-	(970,900)
Poormans walkway (Main rd - Neale ave)	60,000	204,400	800,000	595,600
Walkways				
Tahuna Beach to Great Taste Trail (airport)	808,988	-	609,998	609,998
Pools				

Riverside Pool water heating system renewal	70,000	-	300,000	300,000
Play Facilities				
Renewals: Play Equipment	90,000	204,400	204,400	-
Mako St playground development	150,000	-	-	-
Marina				
Capital: Minor Development	20,000	20,440	112,540	92,100
Marina Hardstand LOS improvements	227,000	71,540	525,000	453,460
Public boat ramp improvements	285,000	286,160	35,000	(251,160)
New Trailer Boat Storage Yard	45,000	102,200	102,200	-
Marina boat trailer car park improvements	100,000	204,400	84,400	(\$120,000)
Marina boat storage expansion	-	204,400	25,000	(179,400)
Saxton Field				
Renewals: replace hockey turf	605,000	-	-	-
Renewal: Athletic Track	20,000	899,360	899,360	-
Regional Community Facilities				
Water sports building at Marina	600,000	817,600	150,000	(667,600)
Parks & Active Recreation Projects under \$100,000	2,239,458	2,205,410	2,325,439	120,029
Total Parks & Active Recreation	6,870,446	8,424,280	8,862,768	438,488
Social				
Managing Heritage & Arts				
Art Works Programme	181,098	82,882	72,882	(10,000)

Nelson Library					
Elma Turner Library Redevelopment	400,000	1,226,400	613,200	-	
Book Purchases	399,538	408,328	408,328	-	
Stoke Library					
Stoke Library structural improvements	-	-	200,000	200,000	
Marsden Valley Cemetry					
New burial area	850,000	-	350,000	350,000	
Toilet (Free)					
Growth: Millers Acre Toilet	45,000	260,610	260,610	-	
Queens Garden Toilet	-	-	140,000	140,000	
Tahunanui Lions Toilet Upgrade	60,000	143,080	143,080	-	
Greenmeadows Centre					
Greenmeadows Centre	125,000	-	-	-	
Community Housing					
Community Housing Renewals	290,000	296,380	296,380	-	
Social Projects under \$100,000	620,716	525,843	479,122	-	46,721
Total Social	2,971,352	2,943,523	2,963,602	20,079	
Solid waste					
Joint Landfill Upgrade	12,000	33,000	380,000	-	
Solid Waste Projects under \$100,000	30,000	30,660	30,660	-	
Total Solid Waste	42,000	63,660	410,660	-	
Stormwater					

Private/Public Drains	58,131	110,478	110,478	-
Montcalm/Arrow/Washington Valley/Hastings	37,915	1,105,099	80,000	(1,025,099)
Wastney Terrace stormwater (private drain program)	0	817,600	100,000	(717,600)
Nile Street East	807,904	0	5,000	5,000
Bisley Avenue	50,000	0	106,600	106,600
Nayland Road / Galway	206,000	0	716,000	716,000
Rutherford Stage 1 - Girls College Detention	290,000	1,533,000	100,000	(1,433,333)
Tahunanui Hills Stormwater- Moana Avenue to Rocks Road	100,000	92,649	121,458	28,809
Parere Street Stormwater upgrade	316,000	0	0	-
Vested Assets				
Hill Street North stormwater	0	245,280	245,280	-
Other Vested Assets	1,129,000	1,153,838	1,153,838	-
Stormwater Projects under \$100,000	715,769	818,924	1,102,091	283,167
Total Stormwater	3,710,719	5,876,868	3,840,745	(2,036,123)
Transport				
Subsidised Roding				
WC 341 Streetlight Improvement	-	51,100	111,100	60,000
UCP Saltwater Creek Crossing	400,000	-	400,000	400,000
Marsden Valley Ridgeway Upgrade	50,000	102,200	102,200	-
Renewals: Footpaths	800,000	820,053	820,053	-
Minor Improvements	525,000	357,700	805,771	448,071

Drainage Renewals	150,000	153,300	399,000	245,700
Sealed Road Pavement Rehabilitation	278,000	349,780	-	(349,780)
Sealed Road Resurfacing	1,170,000	1,195,740	1,304,700	108,960
Railway Reserve/Princes Dr cycle crossing upgrade	104,000	-	430,000	430,000
Maitai shared path to Nelson East programme	50,000	51,100	120,000	68,900
New Footpaths	700,000	715,400	715,400	-
Toi Toi St upgrade	-	-	125,000	125,000
Sharedzone - Beachville Cres	40,000	183,960	-	(183,960)
Airport Bridge Replacement	-	255,500	-	(255,500)
Structures component replacement	104,000	334,586	335,500	914
Traffic Services Renewal - Lighting	367,000	375,074	375,074	-
Jenkins Creek shared path widening	180,000	-	-	-
Streetlight conversion to LED	723,000	-	-	-
Maitai shared path to Anzac Park active transport fac	60,000	306,600	339,000	32,400
Tahunanui Cycle Network - SH6 Tahunanui Drive connect	200,000	817,600	817,600	-
CCTV at traffic signals	10,000	132,860	-	(132,860)
Arapki Road Upgrade	50,000	51,100	313,344	262,244
Waimea Road / Hampden Street intersection upgrade	40,000	255,500	20,000	(235,500)
Westbrook Convergence Bridge deck replacement	448,000	-	143,000	143,000
Seafeld Terrace Road Re-instatement		-	1,330,000	1,330,000

Travel demand management improvements		-	255,500	255,500
Ped facilities at Arapiki Road/ The Ridgeway	-	-	231,000	231,000
Unsubsidised Roading				
Maitai Valley Road shared path modifications	180,000	-	110,000	110,000
Vested Assets				
Hill Street North improvements	-	684,740	684,740	-
Other Vested Assets	4,120,000	4,210,640	4,210,640	-
Parking and CBD Enhancement				
Renewal: CBD aesthetic elements	150,000	153,300	103,520	(49,780)
Renewals: On and Off St Parking Meter	158,500	529,784	867,016	337,232
Church Street Improvements	400,000	51,100	-	(51,100)
Public Transport				
Integrated Ticketing GRETS	310,000	-	190,000	190,000
Transport Projects under \$100,000	1,114,475	1,458,171	1,860,317	402,146
Total Transport	12,881,975	13,852,388	17,519,475	3,667,087
Wastewater				
Neale Park PS	2,116,729	0	-	-
Renewals Pump Stations	162,197	165,717	165,717	-
Wastewater Pipe Renewals	90,000	868,700	-	(868,700)
Wastewater model calibration	100,000	-	260,000	260,000
Awatea Place Pump Station	300,000	2,044,000	1,107,195	(936,805)

Pump station resilience improvement programme	129,757	55,239	55,239	-
Nelson Regional Sewerage - Growth		511,000	-	(511,000)
Nelson Regional Sewerage - Renewals	317,000	325,000	435,000	110,000
Nelson Regional Sewerage - Upgrade	2,010,000	1,615,000	2,025,000	410,000
NWWTP renewals	150,000	153,300	153,300	-
NWWTP - Resource Consent	-	102,200	102,200	-
Gracefield Sewer Diversion	80,000	165,717	200,000	34,283
St Vincent Street Sewer Renewal	200,000	-	380,000	380,000
Stansell (52) and Princes Drive (274/278) Sewer Renewal	150,000	-	150,000	150,000
Achilles Avenue and Whakatu Lane Sewer Renewal	170,000	-	-	-
Bronte Street and Collingwood Street Sewer Renewal	355,000	-	165,000	165,000
Halifax Street and Halstead Street Sewer Renewal	200,000	-	63,000	63,000
System Performance Improvements	100,000	102,200	102,200	-
Vested Assets				
Hill St sewer upgrade	-	25,550	25,550	-
Elm Street Sewer Upgrades	-	153,300	153,300	-
Other Vested Assets	807,000	824,754	824,754	-
Wastewater Projects under \$100,000	442,839	430,807	558,689	127,882
Total Wastewater	7,880,522	7,542,484	6,926,144	(616,340)
Water Supply				

Capital: Ridermains	167,603	171,241	171,241	-
Capital: Backflow Prevention	162,197	165,717	165,717	-
Renewals: Water Pipes	29,000	511,000	-	(511,000)
Renewals: Commercial Meters	150,000	153,300	153,300	-
Residential Meters renewals	1,100,000	1,124,200	700,000	(424,200)
Brooklands water renewal	416,262	-	-	-
Capital Roding RC Renewal	210,000	-	30,000	30,000
Maitai Resource consent renewal	190,000	-	50,000	50,000
Capital: Atawhai Trunkmain	10,000	45,035	110,000	64,965
Renewal: Membranes WTP	3,000,000	-	-	-
Water Loss Reduction Programme	216,262	220,956	220,956	-
Natural Hazards Risk Remediation	58,131	110,478	110,478	-
Dam Upgrades	50,000	102,200	102,200	-
Water Treatment Plant Renewals	200,042	204,443	204,443	-
Church St water renewal	200,000	-	-	-
Tui Glen Road water renewal	600,000	-	555,000	555,000
Kakenga Road water renewal	210,000	-	-	-
Hardy St renewal (Trafalgar - Collingwood)		-	172,000	172,000
Annesbrook (Manchester - Marie St) water renewal	50,000	1,430,800	800,000	(630,800)
Bolt Road pipe renewal	610,000	-	-	-

Vested Assets				
Suffolk Road (Saxton to Ngawhatu) water upgrade	-	153,300	153,300	-
Suffolk Road to Hill Street Trunk water main	-	357,700	357,700	-
Other Vested Assets	778,000	795,116	795,116	-
Water Supply Projects under \$100,000	771,848	802,750	1,181,112	378,362
Total Water Supply	9,179,345	6,348,236	6,032,563	(315,673)
TOTAL CAPITAL EXPENDITURE	51,427,496	54,667,027	55,511,770	497,743
Total Vested Assets	(7,000,000)	(8,773,870)	(8,773,870)	-
TOTAL CAPITAL PER FUNDING IMPACT STATEMENT	44,427,496	45,893,157	46,737,900	844,743

Financial reserves estimates

The Local Government Act requires that councils provide a summary of the restricted reserves that it holds.

Local Government Act changes in 2010 placed more focus on the accounting for, and disclosure of, financial reserves. The Act defines reserve funds as "money set aside by a local authority for a specific purpose". Reserves are part of equity which may or may not be physically backed by cash/investments. Reserves are often used to separate a funding surplus of an activity. The Act requires Council to specify the amount expected to be in the fund at the commencement of the year, the end of the year, the amount expected to be deposited in the fund during the year and the amount expected to be withdrawn from the fund during the year.

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FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves it holds.

Name	Activity	Purpose	Projected Balance July 2019	Deposits	Withdrawals	Balance June 2020
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	8,978	224		9,202
L C Voller Bequest (ETL)	Nelson Library	Youth Section of Elma Turner Library	23,701	593		24,294
Subdivisions Reserve	Reserve Contributions	Financial Contributions for Reserves	967,650	67,094		1,034,744
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay Development	168,722	4,218		172,940
Insurance Reserve	Investment Management	To fund Insurance claim excess	1,038,186	25,955		1,064,141
Health & Safety Reserve	Admin and Meeting Support	OSH Compliance	29,843			29,843
Parking Reserve	Car parks	Self funded activity balance	-	250,885	250,885	-
Roading Contributions	Roading	Financial Contribution for capital works	111,380			111,380
Walker bequest	Parks		9,720	243		9,963
Dog Control Reserve	Dog Control	Self funded activity balance	43,303	2,598		45,901
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	13,428			13,428
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Rec Grants	10,250	256		10,506
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	(206,838)	140,371		(66,467)
Pensioner Housing Reserve	Community Housing	Self funded activity balance	241,056	8,245,455		8,486,511
Founders Park Reserve	Founders	Founders development	172,895		190	172,705
Forestry Fund	Forestry	Self funded activity balance	1,913,319	250,253		2,163,572
Climate Change	Environmental Management	To fund climate change initiatives	-	500,000		500,000
Landfill	Solid Waste	Share of development of new landfill when required	4,412,625	110,316		4,522,941
Solid Waste	Solid Waste	Self funded activity balance	1,594,298		40,478	1,553,820

Council controlled organisations

Council is involved with several organisations that deliver strategic outcomes or public benefit for the city. The seven Council controlled organisations that Council owns or part owns to achieve agreed community outcomes are:

- Port Nelson (50% with Tasman District Council)
- Nelmac Ltd
- Nelson Airport Ltd (50% with Tasman District Council)
- Nelson Regional Development Agency
- Tasman Bays Heritage Trust (Nelson Provincial Museum) (50% with Tasman District Council)
- Bishop Suter Trust
- City of Nelson Civic Trust¹
- Nelson Municipal Band Trust

Further details on Council controlled organisations can be found in the Accounting Information section of the Long Term Plan 2018-28 and their respective statements of intent.

¹ Although the City of Nelson Civic Trust is a Council Controlled Organisation, it is exempt from reporting requirements.

ANNUAL PLAN DISCLOSURE STATEMENT *FOR YEAR ENDING* *30 JUNE 2020*

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). *Refer to the regulations for more information, including definitions of some of the terms used in this statement.*

Benchmark	Limit	Planned	Met
Rates affordability benchmark:			
• income	\$105m	\$77m	Yes
• increase	4.3%	4.2%	Yes
Debt affordability benchmark	<150%	79%	Yes
Balanced budget benchmark	>100%	103%	Yes
Essential services benchmark	>100%	198%	Yes
Debt servicing benchmark	<10%	3.4%	Yes

1 Rates affordability benchmark

- (1) For this benchmark
 - (a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
 - (b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the rates affordability benchmark if—
 - (a) its planned rates income for the year equals or is less than each quantified limit on rates; and
 - (b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2 Debt affordability benchmark

- (1) For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's long-term plan.
- (2) The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3 Balanced budget benchmark

- (1) For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

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- (2) The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

4 Essential services benchmark

- (1) For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- (2) The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5 Debt servicing benchmark

- (1) For this benchmark, the council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).
- (2) Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

CONTACT US

Visit: Civic House, 110 Trafalgar Street, Nelson

Post: PO Box 645, Nelson, 7040

Email: enquiry@ncc.govt.nz

Phone: 03 546 0200

nelson.govt.nz

COUNCIL CUSTOMER SERVICE CENTRE

Open from 8.30am to 5.00pm weekdays (from 9.00am Thursdays) in Civic House, corner Halifax and Trafalgar St, 110 Trafalgar Street, Nelson

CORRESPONDENCE

Written correspondence to Council should be addressed to the Chief Executive, PO Box 645, Nelson 7040 or fax to 546 0239. Emails should be sent to enquiry@ncc.govt.nz

ATTEND A COUNCIL MEETING

Council meetings are advertised in Our Nelson. Members of the public are welcome to attend meetings of Council and its Standing and Special Committees. You could be asked to leave a meeting if Council needs to discuss a confidential topic. To do that, Council would pass a resolution to that effect, under the Local Government Official Information and Meetings Act 1987.

PUBLIC FORUMS

There is a Public Forum at the beginning of most ordinary Council meetings where up to five minutes will be available for members of the public to speak to Council. You need to book a time before the meeting by contacting a Council Governance Adviser on 03 546 0436.

PETITIONS

The presentation of a petition to Council or its Standing Committees must also conform to certain rules. Contact a Council Governance Adviser on 03 546 0436.

COMMUNITY HOUSING

From the 29 March 2019 to the 2 May 2019 Council consulted with the public on a proposal to sell its Community Housing. Seventy-nine submissions were received, and hearings were held in May 2019.

Following consideration of submissions Council decided, at its meeting commencing 4 June 2019, to divest its community housing. The terms and conditions of the divestment are subject to Council approval to be decided in due course. This Long Term Plan has been amended to reflect this decision.



Nelson's very own Green Gecko

The Nelson Green Gecko is one of our rarest animals. Confined to the Nelson area but almost never seen. Without near-complete predator control, these beautiful animals will struggle in the wild.



DEPRECIATION AND RENEWALS

Council notes that depreciation is greater than renewals and appreciates that this position is not sustainable in the long term. Council's current approach is to repay debt using funding for depreciation, and Council acknowledges that borrowing for renewals will need to be made when this is required.

Council's Infrastructure Strategy shows operating expenditure of \$710 million over the 20 years from 2029-2048, and capital expenditure of \$935 million over the same period. A significant renewal project is the water pipe renewal programme, at total estimated cost of \$95 million for the 30 years from 2018. Although these are outside the time period of this Financial Strategy, Council intends to ensure that these important infrastructure projects can be funded by drawing on depreciation reserves (funded by debt).

SUMMARY OF PLANNED 10 YEAR FINANCIAL PERFORMANCE

As part of the process of developing the draft Long Term Plan, Council considered the key issues and what could be done about them. Council looked at what to do to meet expected population growth, to enhance the environment, and to meet the community's social and cultural needs. Council then prioritised the potential activities and projects.

The financial information in the Long Term Plan reflects the activities and projects Council identified as priorities, and is planning to deliver over the next 10 years, while keeping within its limits for rates increases and borrowing.

Council is forecasting capital expenditure of \$478 million, of which \$143 million would be for renewals, and operating expenditure of \$1,245 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from \$122 million in 2018/19 to \$159 million in 2027/28, Year 10.

RATES, OVERALL INCREASE IN RATES REQUIRED AND RATES INCREASE LIMIT

Council has to weigh up requests for more and improved services with keeping rates and charges affordable.

According to what is included in the Long Term Plan, average overall increase in rates required in the first three years, adjusted for the impact of growth, will be 3.8%, 3.6%, and 3.1%, respectively. Over the following seven years, the overall increase in rates required including growth would average 2.4%.

The reduction in the commercial differential changes the distribution of the rates but not the overall average.

This increase includes an assumption of 1.00% growth in the rating base in each year of the Long Term Plan.

The rates rises are greater than the predicted rate of inflation in some years, reflecting:

- Cost increases faced by Council, particularly for insurance and construction, which are projected to increase at a higher rate than the Consumer Price Index
- Depreciation and interest payments – an increased capital expenditure programme will mean that there will be a corresponding increase in depreciation and interest charges
- An increased work programme, including changes arising from new central government policies, e.g. Environmental Policy Statements, and community expectations.

While Council will continue to consider affordability issues when setting rate levels each year, it is required by the Local Government Act to 2002 to include a statement on quantified limits on rates and rates increases. Council will limit the increase in Council's 'Total Rate Requirement'³ to no more than the forecast⁴ percentage increase of the Local Government Cost Index (LGCI) plus 2% in each of the 10 years, including an assumption of a 1% rating base growth per year. Using the LGCI rather than Consumer Price Index (CPI) is considered to be more realistic as LGCI reflects the realities of higher local government costs - the cost of doing Council business.

From time to time, Council will need to increase the level of service that it is providing to meet, for example, community expectations.

Individual properties may experience smaller or larger increases depending on movements in property values, the services received and location. Council has set a limit of \$105 million per year for the total rate requirement over the 10 years of this Long Term Plan.

³ The 'Total Rate Requirement' includes both general and targeted rates such as water, wastewater, stormwater and flood protection

⁴ As provided by Business and Economic Research Limited (BERL).

TOTAL RATES AND DEBT

GENERAL RATES, TARGETED RATES, TOTAL RATES AND TOTAL NET DEBT

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
General Rates	45,657	47,151	49,434	51,787
Targeted Rates (Water, stormwater, wastewater)	24,696	26,438	27,564	28,414
Total Rates	70,353	73,589	76,998	80,201
Total Net Debt	118,948	109,940	113,087	138,686

NET DEBT, DEBT/REVENUE RATIO, RATES AND RATES CAP

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Net Debt	118,948	109,940	113,087	138,686
Debt/Revenue Ratio	112.7%	98.5%	97.9%	117.4%
Actual Rates increase	2.8%	3.8%	3.6%	3.1%
Rates Cap		4.0%	4.2%	4.2%

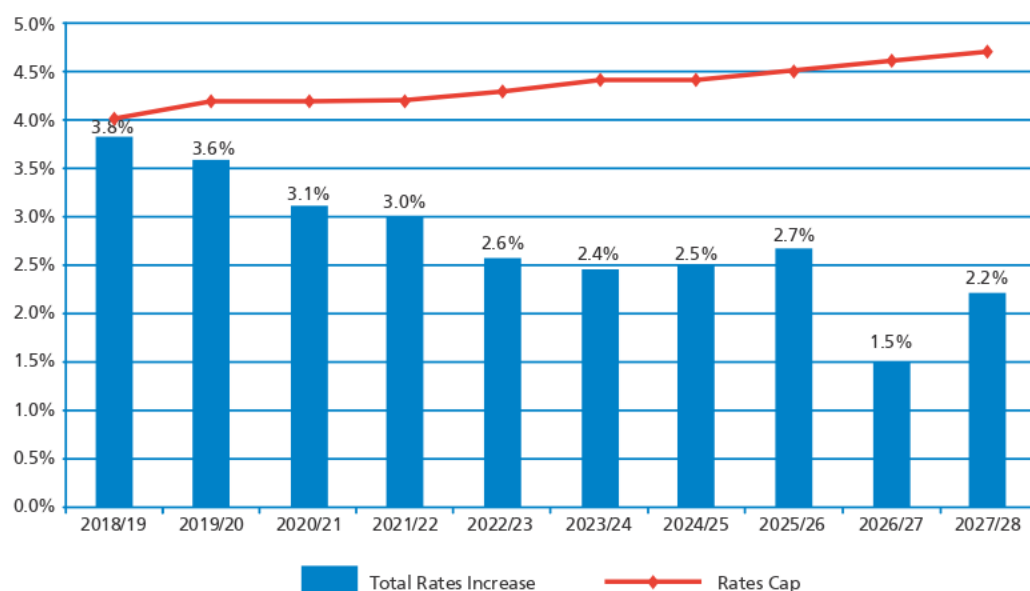


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	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	53,482	55,520	57,221	58,934	61,018	62,346	64,414
	29,938	30,898	32,206	33,628	34,969	36,107	37,268
	83,420	86,418	89,427	92,562	95,987	98,453	101,682
	155,036	164,062	175,570	177,989	177,927	171,637	173,465

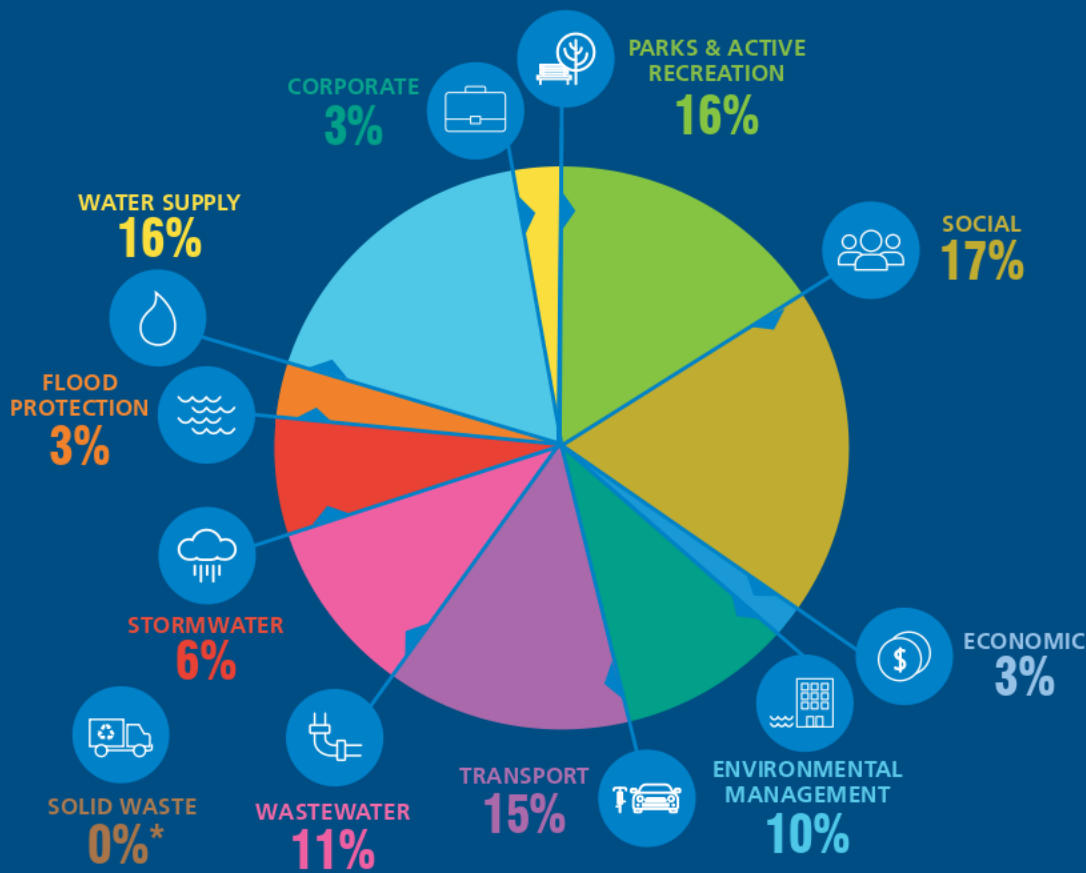
	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	155,036	164,062	175,570	177,989	177,927	171,637	173,465
	125.2%	129.1%	132.0%	130.6%	125.5%	121.9%	119.1%
	3.0%	2.6%	2.4%	2.5%	2.7%	1.5%	2.2%
	4.2%	4.3%	4.4%	4.4%	4.5%	4.6%	4.7%

ANNUAL RATES INCREASE VERSUS RATES CAP



WHERE THE MONEY WILL GO

The following diagram shows the proportion of rates anticipated to be collected for Council services over the next 10 years. See the individual activity sections to see what services are provided under each activity.



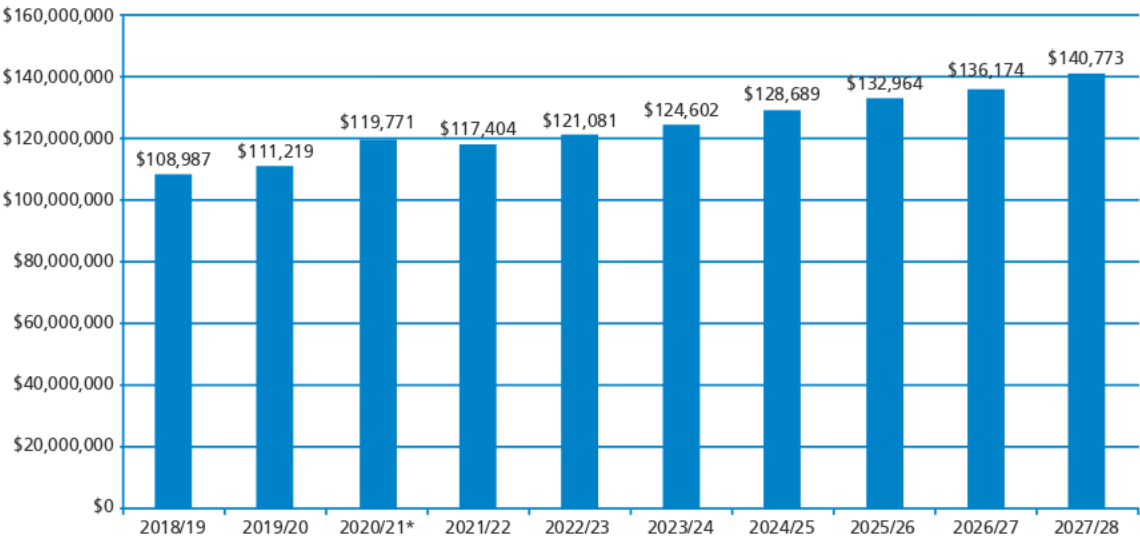
Note: this pie chart does not match the rates requirement for all activities as many activities such as building and resource consents have income from fees and charges.

**Solid waste costs are user pays and not rate funded.*

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Total operating expenditure is budgeted to increase from \$109 million in 2018/19 to \$141 million in 2027/28, a 29% increase including inflation over the ten years of the Long Term Plan. This is shown in the following graph.

ANNUAL EXPENDITURE (000s)



FUNDING EXPENDITURE

Council funds operating expenditure from the following sources:

- Council levies fees and charges or targeted rates on the basis of direct user pays for the benefit received, however in some cases targeted rates are levied as a proxy for direct user pays
- Where Council is providing services that are part of national programmes or the Government provides subsidies to Council to provide certain services, then Council will claim for these government grants / subsidies
- Other sources of funding include interest and dividends received, and other operating revenue such as rent received
- A general rate where there is a deemed general benefit across the city.

Each activity uses different sources of funding depending on the services it delivers. All operating costs are funded with the exception of some minor assets and depreciation on the NZ Transport Agency share of subsidised transport projects, which are funded by NZTA directly.

Council may choose to not fully fund operating expenditure in any particular year if the deficit can

be funded by operating surpluses in the immediately previous or later years. An operating deficit will only be budgeted where it would be beneficial to avoid large fluctuations in rates, fees or charges and would be made up in prior/subsequent years.

MANAGING RISKS FROM NATURAL HAZARDS

An extra \$3.25 million total funding across the 10 years of the Plan has been added to Council’s Disaster Recovery Fund with a view to having the Fund in a more robust position at the end of the period. An extra \$150,000 is included in 2020/21, climbing to \$500,000 in 2023/24. The Fund is currently carrying debt from the December 2011 event but this extra funding would take the balance at Year 10 to \$12.5 million compared to \$9.9 million.

The timing of these events in future cannot be known, and Council have not assumed any withdrawal from this fund over the 10 years of the Long Term Plan. However, Council accepts that it is likely that withdrawals from this fund will be necessary over the upcoming ten years. If that should be the case and if the balance of the fund at that time is insufficient, Council has the ability to borrow the shortfall which would be repaid from the fund in future years. Council may reconsider, from time to time, the amount

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transferred to this fund from rates, particularly if a significant event should occur. It is important to note that even with the reserve built up to the desired level, Council will continue to hold appropriate levels of insurance for assets.

BORROWING

Capital expenditure is funded in the following priority order:

- Financial Contributions and Development Contributions, if a growth project
- Grants and subsidies, for example from NZ Transport Agency, Tasman District Council, or community groups
- Cash surpluses after meeting the costs of renewals expenditure, which arise from Councils funding of depreciation
- Loans.

Because the level of borrowing is planned to increase, the management of interest costs is very important.

Council Treasury Policy includes the Investment and Liability Management Policies. These are published

separately and are available on Council's website. Council has determined maximum amounts and limits of debt.

The borrowing limits table shows a comparison of the limits in the Treasury Policy compared with those set in this Long Term Plan. The policy limits were determined in association with Council's bankers and Treasury Adviser. The table also shows that Council is operating within the guidelines contained in the Treasury Policy.

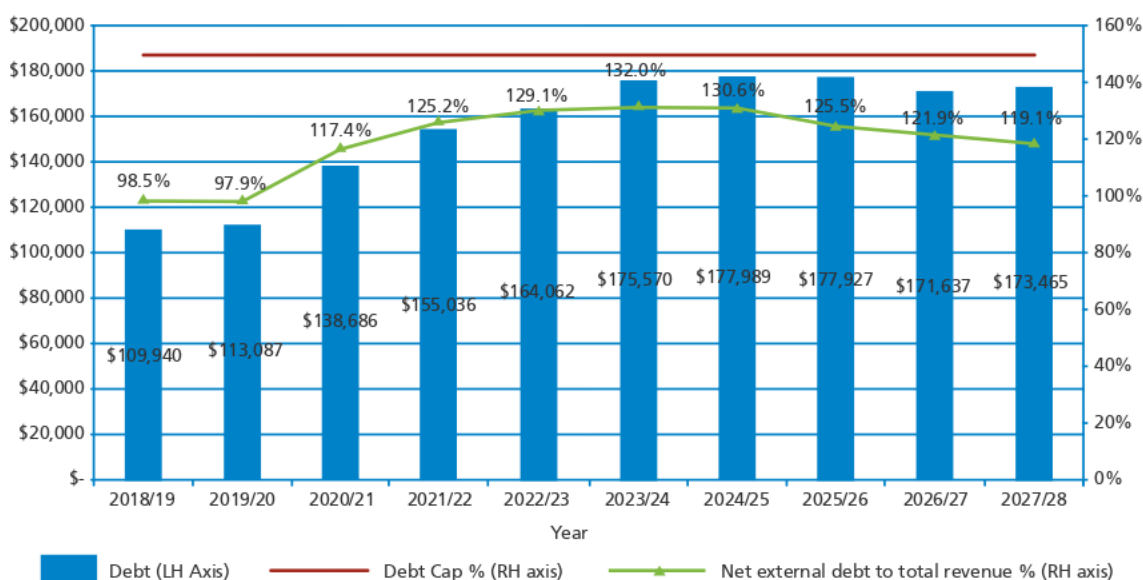
BORROWING LIMITS

The borrowing limits are set as:

- Net external debt¹ not to exceed 150% of total revenue² % (see graph below)
- Net interest expense on external debt as a % of total revenue to be less than 15%
- Net interest expense on external debt as a % of total rates income to be less than 20%

The following graph shows that Council's net external debt is not expected to exceed 150% of total revenue for all ten years of the Long Term Plan.

ANNUAL DEBT VERSUS DEBT CAP (000s)



1 Net external debt is defined as total debt less cash deposits.

2 Total revenue is defined as cash earnings from rates, government grants and subsidies, user charges, interest, dividends, and excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment.

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The table below shows the net debt, and debt to revenue, interest on external debt to revenue, interest on external debt to rates income over the life of this plan so that they can be compared to the limits set. NOTE: For readability the following table is also included at the end of document.

NET DEBT, NET EXTERNAL DEBT, AND NET INTEREST EXPENSE AS A % OF TOTAL RATES INCOME

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Net Debt	118,948	109,940	113,087	138,686
	%	%	%	%
Net external debt not to exceed 150% of total revenue	112.7%	98.5%	97.9%	117.4%
Net interest expense on external debt as a % of total revenue to be less than 15%	4.4%	4.5%	4.6%	5.0%
Net interest expense on external debt as a % of total rates income to be less than 20%	6.6%	6.8%	6.9%	7.3%

In 2012, after consultation, Nelson City Council became a Guaranteeing Local Authority in the Local Government Funding Agency (LGFA). Access to the LGFA means Council is able to achieve a lower cost of borrowing, and therefore funding. Council must ensure that its interest to rates revenue ratio is below 30% in order to retain the ability to borrow through LGFA.

To fund the capital works programme in this Long Term Plan, net borrowings would peak at \$178 million during 2024/25. The borrowing programme is within the three limits imposed under the Liability Management Policy (and outlined above). The Liability Management Policy is available on Council's website.

Although interest rates are currently low, Council has budgeted for the average interest rate paid on its loans to increase over the 10 years of this Long Term Plan within a range between 4.19% and 4.94%.

Base interest rate assumptions use the most recent Reserve Bank of New Zealand 90 day bank bill rate forecasts and long term historical 90 day bank bill averages. Council's all-up interest rate cost includes the current fixed rate borrower swap hedge portfolio and assumptions regarding future credit margins. In addition to obtaining lower rates for borrowing through the Local Government Funding Agency, Council manages the cost and risk of borrowing through its Liability Management Policy, which requires a spread of terms for loans so that they do not have their interest rates reviewed at the same time, when interest rates may be high.

INVESTMENTS

Nelson City Council has a portfolio of investments comprising:

- Equity investments.
- Asset investments.
- Associated organisations.

Council's Investment Policy is published separately and available on Council's website. It contains information on the reasons for holding these investments.

Council's main investments are shareholding of Council Controlled Trading Organisations, commercial property and forestry investments. A list of these investments and the targets for returns on these investments is set out below.

It is acknowledged that in cash terms the investments of Port Nelson Ltd, Nelson Airport Ltd, and the Civic Financial Services Limited will return less than Council's overall objective of receiving a return equal to or greater over time than the average costs of Council borrowing. Council will review the expected return on investments prior to the 2021-2031 Long Term Plan.

INVESTMENT	TARGET RETURN
Port Nelson Limited	6% on average shareholder funds
Nelson Airport Limited	5% on opening shareholder funds
Nelmac Limited	7% on closing shareholder funds
Civic Financial Services Limited	No return on shareholders' funds

Council also has approximately 546 hectares of commercial forestry which generate a return, while providing recreational opportunities.

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	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Limit
	155,036	164,062	175,570	177,989	177,927	171,637	173,465	
	%	%	%	%	%	%	%	
	125.2%	129.1%	132.0%	130.6%	125.5%	121.9%	119.1%	<150%
	6.0%	6.6%	6.8%	7.1%	7.1%	7.3%	7.1%	<15%
	8.9%	9.6%	10.1%	10.4%	10.5%	10.4%	10.1%	<20%

SECURITIES FOR BORROWING

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or 'pari passu' with other lenders, which means on equal terms in all respects, at the same rate, or proportionately.

From time to time, with Council and Trustee approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset that it funds, for example an operating lease or project finance.
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Debenture Trust Deed.

VARIATION BETWEEN THE LONG TERM PLAN AND ACTUAL RESULTS

Actual financial results achieved for the period covered by the Long Term Plan may vary from the information presented and the variations may be material.

This means that, while Council will do its best to keep to what is set out in the Long Term Plan, there are legitimate reasons why the final results in the Annual Report at the end of each financial year might be different. Variables include unanticipated changes in interest rates or market conditions. The Long Term Plan can only be a best estimate of the costs Council will face. Factors outside its control can affect project completion.

COMMUNITY PARTNERSHIPS

FOUNDERS HERITAGE PARK

HERITAGE PROJECT FUND

PUBLIC TOILETS

HISTORIC MEMORIAL SITES

INTERPRETIVE PANELS

YOUTH COUNCIL

PUBLIC ARTWORKS

SUTER ART GALLERY

PUBLIC LIBRARIES

CEMETERIES & CREMATORIUM

HERITAGE AWARDS

COMMUNITY EVENTS & FESTIVALS

ARTS VENUES

HERITAGE HOUSES

COMMUNITY INVESTMENT

NELSON PROVINCIAL MUSEUM (50% SHARE)



SOCIAL



Nelson City Council
te kaunihera o whakatū
A2212773

Nelson Long Term Plan 2018-28

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What Council will provide	Performance Measures	Current Performance	Targets			
			Year 1	Year 2	Year 3	Years 4-10
High quality, popular and accessible arts events	Nelson Arts Festival, Summer Programme and Opera in the Park well-supported by local community measured by Council survey of attendance every three years	Summer Festival: 55% 2016/17 43% 2015/16 Masked Parade: 39% 2016/17 34% 2015/16 Arts Festival: 27% 2016/17 22% 2015/16 Opera in the Park not held 2016/17	Council resident survey attendance levels maintained or exceeded:			
			<ul style="list-style-type: none"> 53% Summer Festival 44% Masked Parade 31% Arts Festival 30% Opera in the Park (alternate years) 			
	Percentage of tickets allocated	New measure	Percentage of available tickets allocated is greater than 60%			
	Satisfaction levels of attendees measured at events annually	New measure	The percentage of attendees' satisfaction at events increases each year from a baseline of 2018/19			

DRIVERS OF CAPITAL EXPENDITURE

The main drivers of capital expenditure on Council's Social activity are:

- Need to refurbish library space to continue meeting current levels of service and cater for population growth
- Need to refurbish and expand public toilets at key sites to service growth in visitor numbers.

IMPACTS AND RISKS

- Alterations to Nelson Public Libraries and the refurbishment of public toilets would result in some disruption to the public. Projects would be managed to limit disruption as far as possible
- The cost of the Arts Festival to rates and the fact that events may not be accessible to many residents due to cost are negative impacts of this activity. This is mitigated by making a number of events free and considering cost and location in programming of events

ASSUMPTIONS

There are no assumptions specific to the Social activity other than the general assumptions that apply to all Council activities.

COMMUNITY HOUSING

In June 2019 Council decided to sell its Community Housing. The details of the sale have not yet been finalised, however the financial statements on pages 122-125 have been updated in accordance with the proposal contained in the Annual Plan 2019/20 Consultation Document. The proceeds from the sale are intended to be used to support partners in the delivery of affordable housing solutions in Nelson. The sale will enable Council to cease the current financial support of \$160,000 p.a. from rates. Funding for the maintenance and renovation of the units has been removed.

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NELSON CITY COUNCIL SOCIAL FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	12,560	12,872	13,087	12,912
Targeted rates	0	0	0	0
Subsidies and grants for operating purposes	296	171	174	177
Fees and charges	917	621	316	(205)
Internal charges and overheads recovered	0	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	1,577	1,708	1,719	1,760
Total Operating Funding	15,350	15,372	15,296	14,644
Applications of operating funding				
Payments to staff and suppliers	12,561	12,502	12,595	12,029
Finance costs	0	0	0	0
Internal charges and overheads applied *	1,478	1,652	1,492	1,394
Other operating funding applications	0			
Total applications of operating funding	14,039	14,154	14,087	13,423
Surplus (Deficit) of operating funding	1,311	1,218	1,210	1,221
Sources of capital funding				
Subsidies and grants for capital	22	23	23	24
Development and financial contributions	0	0	0	0
Increase (decrease) in debt	4,340	1,571	(7,601)	4,583
Gross proceeds from sale of assets	0	0	8,383	0
Lump sum contributions	0	0	0	0
Total sources of capital funding	4,362	1,594	805	4,607
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	572	1,512	921	816
- to improve level of service	4,816	690	1,450	3,295
- to replace existing assets	385	770	425	254
Increase (decrease) in reserves	0	0	59	123
Increase (decrease) in investments	(100)	(160)	(840)	1,340
Total applications of capital funding	5,673	2,812	2,015	5,828
Surplus (Deficit) of capital funding	(1,311)	(1,218)	(1,210)	(1,221)
Funding balance	0	0	0	0

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	13,609	14,436	15,043	15,183	15,857	15,952	16,408
	0	0	0	0	0	0	0
	180	183	186	189	193	196	200
	(125)	(233)	(129)	(242)	(157)	(274)	(163)
	0	0	0	0	0	0	0
	1,789	1,818	1,850	1,883	1,897	1,932	1,969
	15,453	16,204	16,949	17,013	17,790	17,806	18,414
	12,494	12,729	13,109	13,041	13,729	13,768	14,352
	0	0	0	0	0	0	0
	1,691	2,018	2,225	2,320	2,376	2,381	2,382
	14,185	14,747	15,333	15,361	16,105	16,149	16,734
	1,268	1,457	1,616	1,652	1,686	1,657	1,680
	24	24	25	25	26	26	27
	0	0	0	0	0	0	0
	6,641	5,025	1,037	228	(902)	(842)	(747)
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	6,665	5,049	1,062	253	(876)	(816)	(720)
	589	626	632	682	714	760	746
	5,548	5,754	1,764	1,101	0	0	0
	476	357	510	347	319	301	430
	(20)	(71)	(68)	(65)	(63)	(60)	(57)
	1,340	(160)	(160)	(160)	(160)	(160)	(160)
	7,933	6,506	2,678	1,905	810	841	960
	(1,268)	(1,457)	(1,616)	(1,652)	(1,686)	(1,657)	(1,680)
	0	0	0	0	0	0	0

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

RECONCILIATION BETWEEN THE NET SURPLUS/(DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT AND THE NET SURPLUS/(DEFICIT) IN THE COST OF SERVICE STATEMENT

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	1,311	1,218	1,210	1,221
Subsidies and grants for capital expenditure	22	23	23	24
Development and financial contributions	0	0	0	0
Vested Assets	0	0	0	0
Gains on sale	0	0	0	0
Depreciation	(1,307)	(1,351)	(1,272)	(1,202)
Other non-cash income/expenditure	0	59	644	(59)
Net Surplus (Deficit) before taxation in Cost of Service Statement	26	(51)	604	(15)

SUMMARY OF CAPITAL EXPENDITURE OVER \$100,000 IN ANY ONE YEAR

	Forecast 2017/18	2018/19	2019/20	2020/21
Social				
Heritage & Arts Planning				
Art Works Programme	118,491	181,098	82,882	84,705
Nelson Library				
Book Purchases	417,608	399,538	408,328	417,309
Elma Turner Library Extension/ Relocation	19,531	400,000	1,226,400	2,506,752
Stoke Library				
Stoke Library Extension/ Relocation	-	-	-	-
Nightingale Library				
Nightingale Roof Repair	-	-	-	-
Marsden Valley Cemetery				
New burial area	-	850,000	-	-
Public Toilets, Free				
Millers Acre Toilet	-	45,000	260,610	208,896
Tahunanui Lions Toilet upgrade	-	60,000	143,080	313,344
Public Toilets, Charge				
Toilet Renewals Programme	-	-	-	15,667
Greenmeadows Centre				
Greenmeadows Centre	4,235,082	125,000	-	-
Stoke Hall				
Stoke Hall Remediation	-	-	-	-
Community Properties				
Refinery Gallery EQ strengthening	-	-	30,660	386,458
Projects under \$100,000	518,847	621,716	495,183	431,830
Total Social	5,309,559	2,682,352	2,647,143	4,364,961

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	1,268	1,457	1,616	1,652	1,686	1,657	1,680
	24	24	25	25	26	26	27
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	(1,219)	(1,377)	(1,536)	(1,572)	(1,608)	(1,613)	(1,618)
	(59)	(59)	(59)	(59)	(59)	(59)	(59)
	15	46	47	47	45	12	31

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	86,569	88,560	90,685	92,862	95,184	97,659	100,296
	426,491	436,299	446,771	457,495	468,934	481,128	494,117
	5,337,300	5,460,050	-	-	-	-	-
	106,746	163,802	1,677,330	572,530	-	-	-
	-	-	223,644	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	192,143	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	11,182	458,024	-	-	-
	-	-	-	-	-	-	-
	463,748	587,798	456,505	549,705	468,697	481,963	582,186
	6,612,997	6,736,509	2,906,117	2,130,616	1,032,815	1,060,750	1,176,599

FINANCIAL STATEMENTS

NELSON CITY COUNCIL STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Revenue				
Rates other than metered water, net of remissions	61,606	64,391	67,513	70,668
Subsidies and grants	8,697	8,905	9,317	9,067
Fees and charges including metered water	25,948	28,381	28,096	28,684
Other Revenue	18,287	20,404	22,992	20,731
Interest received	52	9	9	9
Other gains/losses	21	49	36	29
Total Revenue	114,610	122,139	127,963	129,188
Expenses				
Wages and salaries	19,867	19,820	20,256	20,701
Finance costs	4,670	5,022	5,326	5,886
Depreciation and amortisation	24,542	25,455	26,226	27,106
Other expenses	49,743	58,690	59,411	66,078
Total Expenses	98,822	108,987	111,219	119,771
Net Surplus/(Deficit) before Taxation	15,788	13,152	16,744	9,417
Taxation	0	0	0	0
Net Surplus/(Deficit)	15,788	13,152	16,744	9,417
Increase in asset revaluation reserves	16,895	17,501	44,827	21,285
Total Other Comprehensive Revenue and Expense	16,895	17,501	44,827	21,285
Total Comprehensive Revenue and Expense	32,683	30,653	61,571	30,702

NELSON CITY COUNCIL STATEMENT OF CHANGES IN NET ASSETS/EQUITY

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Equity at beginning of year	1,371,261	1,440,535	1,471,188	1,532,757
Total comprehensive revenue and expense	32,683	30,653	61,571	30,702
Equity at end of year	1,403,944	1,471,188	1,532,759	1,563,460

The 2018/19 Annual Plan equity at the beginning of the year is based on 2016/17 Annual Report closing balance plus a forecast for 2017/18, and therefore is not equal to 2017/18 Annual Plan equity at end of year.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	73,824	76,632	79,149	81,845	85,133	87,335	90,325
	10,461	9,969	12,405	12,064	13,299	9,355	10,396
	29,780	30,080	31,335	32,050	32,157	32,740	33,463
	21,033	21,864	21,876	22,323	23,551	24,001	24,490
	9	9	9	9	9	10	9
	26	28	30	31	33	35	37
	135,133	138,583	144,803	148,323	154,182	153,476	158,720
	21,157	21,643	22,141	22,672	23,239	23,820	24,440
	7,466	8,341	9,017	9,663	10,044	10,270	10,287
	28,405	29,709	30,905	32,177	33,423	34,595	35,805
	60,375	61,388	62,539	64,177	66,258	67,489	70,241
	117,404	121,081	124,602	128,689	132,964	136,174	140,773
	17,729	17,502	20,202	19,633	21,218	17,303	17,947
	0	0	0	0	0	0	0
	17,729	17,502	20,202	19,633	21,218	17,303	17,947
	22,566	51,411	27,364	29,025	64,282	34,852	37,892
	22,566	51,411	27,364	29,025	64,282	34,852	37,892
	40,295	68,913	47,566	48,658	85,500	52,155	55,839

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	1,563,460	1,603,754	1,672,667	1,720,233	1,768,891	1,854,391	1,906,546
	40,295	68,913	47,566	48,658	85,500	52,155	55,839
	1,603,754	1,672,667	1,720,233	1,768,891	1,854,391	1,906,546	1,962,385

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

NELSON CITY COUNCIL STATEMENT OF FINANCIAL POSITION

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Current Assets				
Cash and cash equivalents	2,494	639	794	937
Inventories	0	0	0	0
Trade and other receivables	12,675	12,795	12,993	13,193
Other financial assets	744	1,466	637	431
Taxation	0	0	0	0
Derivative financial instruments	0	0	0	0
Total Current Assets	15,913	14,900	14,424	14,561
Non Current Assets				
Trade and other receivables	0	0	0	0
Investments accounted for using the equity method	36,663	36,663	36,663	38,163
Investment in subsidiaries	7,744	8,200	8,200	8,200
Investment properties	1,096	1,142	1,167	1,193
Other financial assets	4,234	4,854	4,814	5,242
Intangible assets	2,367	2,256	2,256	2,256
Biological assets	5,086	4,270	4,351	4,391
Property, plant, and equipment	1,483,391	1,532,491	1,597,340	1,651,911
Derivative financial instruments	0	25	25	25
Total Non Current Assets	1,540,581	1,589,901	1,654,816	1,711,381
Total Assets	1,556,494	1,604,801	1,669,240	1,725,943
Current Liabilities				
Bank overdraft	0	0	0	0
Trade and other payables	18,120	12,716	12,921	13,128
Employee benefit liabilities	1,872	2,181	2,222	2,258
Taxation payable	0	0	0	0
Current portion of borrowings	17,733	15,579	28,881	4,623
Derivative financial instruments	7	40	40	40
Total Current Liabilities	37,732	30,517	44,065	20,049
Non Current Liabilities				
Trade and other payables	819	813	109	110
Provisions	1,656	1,652	1,663	1,675
Employee benefit liabilities	227	231	244	248
Derivative financial instruments	8,405	5,401	5,401	5,401
Non-current portion of borrowings	103,709	95,000	85,000	135,000
Total Non-Current Liabilities	114,817	103,097	92,417	142,434
Total Liabilities	152,549	133,613	136,482	162,483
Net Assets	1,403,945	1,471,188	1,532,759	1,563,460
Ratepayer's Equity				
Accumulated comprehensive revenue and expense	423,473	474,637	533,065	563,796
Other reserves		996,551	999,694	999,664
Total Ratepayer's Equity	1,403,945	1,471,188	1,532,759	1,563,460

Opening balances for 2018/19 budget have been derived from 2016/17 Annual Report closing balances plus a forecast for 2017/18, as this represents a more recent and accurate assessment than the 2017/18 Annual Plan closing balances.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	1,085	1,238	1,389	1,530	1,678	1,847	2,035
	0	0	0	0	0	0	0
	13,410	13,630	13,867	14,109	14,368	14,632	14,916
	390	422	456	489	451	387	325
	0	0	0	0	0	0	0
	0	0	0	0	0	0	0
	14,885	15,290	15,712	16,128	16,497	16,866	17,276
	0	0	0	0	0	0	0
	39,663	39,663	39,663	39,663	39,663	39,663	39,663
	8,200	8,200	8,200	8,200	8,200	8,200	8,200
	1,219	1,247	1,277	1,308	1,341	1,376	1,413
	5,442	5,638	5,754	5,710	5,581	5,530	5,470
	2,256	2,256	2,256	2,256	2,256	2,256	2,256
	4,120	4,005	3,768	3,564	3,644	3,644	3,644
	1,707,222	1,785,103	1,844,322	1,895,672	1,981,261	2,027,302	2,085,158
	25	25	25	25	25	25	25
	1,768,147	1,846,137	1,905,265	1,956,398	2,041,971	2,087,996	2,145,829
	1,783,033	1,861,428	1,920,977	1,972,526	2,058,468	2,104,862	2,163,105
	0	0	0	0	0	0	0
	13,353	13,580	13,826	14,076	14,344	14,618	14,912
	2,296	2,335	2,377	2,420	2,466	2,513	2,563
	0	0	0	0	0	0	0
	31,121	15,300	16,959	29,519	24,605	8,484	15,500
	40	40	40	40	40	40	40
	46,810	31,256	33,202	46,055	41,456	25,655	33,015
	110	108	109	107	108	106	107
	1,706	1,738	1,772	1,805	1,842	1,878	1,916
	252	257	261	266	271	276	282
	5,401	5,401	5,401	5,401	5,401	5,401	5,401
	125,000	150,000	160,000	150,000	155,000	165,000	160,000
	132,469	157,504	167,542	157,579	162,621	172,661	167,705
	179,279	188,759	200,744	203,634	204,077	198,316	200,720
	1,603,754	1,672,668	1,720,233	1,768,892	1,854,391	1,906,546	1,962,385
	604,970	673,837	721,862	770,226	855,796	907,772	963,196
	998,784	998,831	998,371	998,666	998,595	998,774	999,189
	1,603,754	1,672,668	1,720,233	1,768,892	1,854,391	1,906,546	1,962,385

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

NELSON CITY COUNCIL CASH FLOW STATEMENT

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Receipts from rates revenue	69,597	72,754	76,187	79,355
Subsidies and grants received	8,698	8,905	9,317	9,067
Receipts from other revenue	21,398	25,712	25,523	25,195
Development and financial contributions	3,064	3,547	3,623	3,701
Interest Received	52	9	9	9
Dividends Received	3,333	3,854	3,619	3,677
	106,142	114,781	118,278	121,004
Cash was disbursed to:				
Payments to suppliers	49,126	58,560	59,265	65,529
Payments to employees	19,844	19,777	20,202	20,662
Interest Paid	4,670	5,022	5,326	5,709
Tax Paid/(refund)	0	0	0	0
	73,640	83,359	84,793	91,900
Net Cash Flows from Operating Activities	32,502	31,422	33,485	29,104
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Sale of Investments and properties for resale	0	0	0	0
Repayment of LGFA borrower notes	0	80	0	320
Sale of biological assets	0	626	0	0
Sale of fixed assets	4,331	25	8,409	8,410
Repayment of community loans and advances	507	608	1,258	397
	4,838	1,339	9,667	9,127
Cash was disbursed to:				
Investments in LGFA* borrower notes	107	240	320	880
Community loans advanced	0	0	0	0
Other investments	0	0	0	1,500
Purchase of biological assets	0	248	81	40
Purchase of intangible assets	0	0	0	0
Purchase of fixed assets:				
Renewals	12,929	17,434	14,475	11,685
New works - growth	5,770	6,172	5,692	9,149
New works - Increased level of service	37,774	20,888	25,658	31,996
	56,580	44,982	46,226	55,250
Net Cash Flows from Investing Activities	(51,742)	(43,643)	(36,559)	(46,123)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Proceeds from borrowings	26,765	14,856	17,784	34,022
Cash was applied to:				
Repayment of borrowings	7,381	2,451	14,555	16,860
Net Cash Flows from Financing Activities	19,384	12,405	3,229	17,162
Net Increase/(Decrease) in Cash Held	144	184	155	143
Add Opening Cash Balance	2,350	455	639	794
Closing Balance	2,494	639	794	937
Represented by:				
Cash and Cash Equivalents	2,494	639	794	937

Opening balances for 2018/19 LTP have been derived from 2016/17 Annual Report closing balances plus a forecast for 2017/18, as this represents a more recent and accurate assessment than the 2017/18 Annual Plan closing balances.

* Local Government Funding Agency.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	82,247	84,797	87,259	89,845	92,796	94,692	97,333
	10,461	9,969	12,405	12,064	13,299	9,355	10,396
	25,197	24,880	24,432	23,918	23,739	23,190	22,793
	3,781	3,866	3,957	4,049	4,149	4,254	4,366
	9	9	9	9	9	10	9
	3,739	3,803	3,871	3,941	4,016	4,092	4,174
	125,434	127,325	131,933	133,827	138,007	135,594	139,071
	58,988	59,170	59,460	60,231	61,413	61,707	63,499
	21,114	21,600	22,094	22,625	23,188	23,768	24,384
	6,938	7,435	7,724	7,979	7,966	7,788	7,396
	0	0	0	0	0	0	0
	87,040	88,205	89,279	90,835	92,567	93,264	95,280
	38,394	39,120	42,655	42,992	45,441	42,330	43,792
	0	0	0	0	0	0	0
	0	240	160	240	480	320	160
	271	115	284	211	0	0	0
	8,411	8,383	8,383	8,383	8,383	8,383	8,383
	232	160	160	160	160	160	160
	8,914	8,898	8,987	8,994	9,023	8,863	8,703
	320	560	400	320	400	320	160
	0	0	0	0	0	0	0
	1,500	0	0	0	0	0	0
	0	0	46	7	80	0	0
	0	0	0	0	0	0	0
	11,593	13,310	13,645	13,972	12,920	13,108	14,967
	12,421	7,644	14,596	13,711	13,365	8,206	5,866
	29,264	27,041	26,042	18,039	19,344	15,035	25,153
	55,098	48,555	54,729	46,049	46,109	36,669	46,146
	(46,184)	(39,657)	(45,742)	(37,056)	(37,086)	(27,807)	(37,443)
	24,565	16,714	21,011	11,259	9,544	6,267	10,834
	16,626	16,024	17,773	17,054	17,750	20,621	16,994
	7,938	690	3,238	(5,795)	(8,206)	(14,354)	(6,160)
	148	153	151	141	148	169	188
	937	1,085	1,238	1,389	1,530	1,678	1,847
	1,085	1,238	1,389	1,530	1,678	1,847	2,035
	1,085	1,238	1,389	1,530	1,678	1,847	2,035

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

NELSON CITY COUNCIL FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Sources of Operating Funding				
General Rates, uniform annual general charges, rates penalties	45,657	47,151	49,204	51,296
Targeted rates including water by meter	23,940	25,707	27,077	28,384
Subsidies and grants for operating purposes	3,372	4,069	3,892	3,955
Fees and charges	7,237	10,666	10,321	10,037
Interest and dividends from investments	3,385	3,863	3,628	3,686
Local authorities fuel tax, fines, infringement fees, and other receipts	14,299	15,160	15,291	15,680
Total Operating Funding	97,890	106,616	109,413	113,038
Applications of operating funding				
Payments to staff and suppliers	69,228	78,510	79,667	86,779
Finance costs	4,670	5,022	5,326	5,886
Other operating funding applications	0	0	0	0
Total applications of operating funding	73,898	83,532	84,993	92,665
Surplus (Deficit) of operating funding	23,992	23,084	24,421	20,373
Sources of capital funding				
Subsidies and grants for capital	5,326	4,836	5,425	5,112
Development and financial contributions	3,064	3,547	3,623	3,701
Increase (decrease) in debt	19,384	12,512	3,373	25,810
Gross proceeds from sale of assets	7,700	25	8,409	27
Lump sum contributions	0	0	0	0
Total sources of capital funding	35,474	20,920	20,830	34,650
Applications of capital funding				
Capital Expenditure				
- to meet additional demand	5,770	6,172	5,692	9,149
- to improve level of service	37,774	20,888	25,658	31,996
- to replace existing assets	16,406	17,434	14,475	11,833
Increase (decrease) in reserves	(25)	(111)	302	334
Increase (decrease) in investments	(459)	(379)	(876)	1,711
Total applications of capital funding	59,466	44,004	45,251	55,023
Surplus (Deficit) of capital funding	(23,992)	(23,084)	(24,421)	(20,373)
Funding balance	0	0	0	0

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	52,961	54,986	56,679	58,383	60,455	61,771	63,829
	30,109	31,157	32,468	33,894	35,332	36,478	37,645
	3,891	4,145	4,182	4,323	4,385	4,484	4,769
	10,365	10,491	10,712	10,829	11,175	11,314	11,697
	3,748	3,812	3,880	3,950	4,025	4,102	4,183
	16,209	16,629	16,845	17,107	17,497	17,738	17,910
	117,283	121,220	124,765	128,486	132,870	135,887	140,032
	81,532	83,031	84,680	86,849	89,497	91,309	94,681
	7,466	8,341	9,017	9,663	10,044	10,270	10,287
	0	0	0	0	0	0	0
	88,998	91,372	93,696	96,512	99,541	101,579	104,968
	28,285	29,848	31,068	31,974	33,328	34,308	35,064
	6,570	5,824	8,223	7,741	8,914	4,871	5,627
	3,781	3,866	3,957	4,049	4,149	4,254	4,366
	15,902	9,247	11,469	3,009	(18)	(6,019)	2,202
	28	0	0	0	0	0	0
	0	0	0	0	0	0	0
	26,281	18,937	23,649	14,799	13,045	3,106	12,195
	12,421	7,644	14,596	13,711	13,365	8,206	5,866
	29,264	27,041	26,042	18,039	19,344	15,035	25,153
	12,044	13,921	14,365	14,804	13,867	14,173	16,151
	(791)	(17)	(402)	263	1	151	248
	1,628	196	116	(44)	(204)	(151)	(160)
	54,566	48,785	54,717	46,773	46,373	37,414	47,259
	(28,285)	(29,848)	(31,068)	(31,974)	(33,328)	(34,308)	(35,064)
	0	0	0	0	0	0	0

RECONCILIATION BETWEEN THE SURPLUS IN THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE AND SURPLUS (DEFICIT) OF OPERATING FUNDING IN THE FUNDING IMPACT STATEMENT

	Annual Plan 2017/18 (\$000)	Budget 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
Surplus/(Deficit) of operating funding from Funding Impact Statement	23,992	23,084	24,421	20,373
Subsidies and grants for capital expenditure	5,326	4,836	5,425	5,112
Development and financial contributions	3,064	3,547	3,623	3,701
Vested Assets	6,000	7,000	8,774	7,311
Gains on sale	2,251	0	0	0
Depreciation	(24,542)	(25,455)	(26,226)	(27,106)
Other non-cash income	79	140	728	27
other non-cash expenditure	(382)	0	0	0
Net Surplus (Deficit) before taxation in Statement of Comprehensive Revenue and Expense	15,788	13,152	16,744	9,417



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	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	28,285	29,848	31,068	31,974	33,328	34,308	35,064
	6,570	5,824	8,223	7,741	8,914	4,871	5,627
	3,781	3,866	3,957	4,049	4,149	4,254	4,366
	7,472	7,644	7,828	8,015	8,216	8,429	8,657
	0	0	0	0	0	0	0
	(28,405)	(29,709)	(30,905)	(32,177)	(33,423)	(34,595)	(35,805)
	27	29	31	32	34	36	38
	0	0	0	0	0	0	0
	17,729	17,502	20,202	19,633	21,218	17,303	17,947



FINANCIAL RESERVES ESTIMATES

The Local Government Act 2002 (The Act) defines reserve funds as “money set aside by a local authority for a specific purpose”. For example, Council holds bequests for specific facilities. Self-funded activities such as dog control and parking are also managed through reserve funds for each of those specified purposes.

Reserve funds are part of equity that may or may not be physically backed by cash or investments. These reserves are often used to separate a funding surplus of an activity. The Act requires Council to identify each reserve fund, specify the purpose of the fund, the activities to which the fund relates, the amount expected to be in the fund at the commencement of the Long Term Plan and at the end of the Long Term Plan period the amount expected to be deposited in the fund, and the amount expected to be withdrawn from the fund over the 10 year period that this Long Term Plan covers. This information is set out in the following table.

The Local Government Act 2002 requires that councils provide a summary of the restricted reserves it holds.

Name	Activity	Purpose	Balance July 2018	Deposits	Withdrawals	Balance June 2028
			\$	\$	\$	\$
Nelson Institute Funds	Nelson Library	Bequest to Nelson Institute	8,943	5,063	-	14,006
L C Voller Bequest (ETL)	Nelson Library	Youth section of Elma Turner Library	23,142	13,104	-	36,246
Subdivisions Reserve	Reserve Contributions	Financial contributions for reserves	675,383	20,064,810	20,466,083	274,110
Nelson 2000 Trust	Esplanade Reserves	Wakefield Quay development	171,965	97,367	-	269,332
Emergency Reserve	Emergency Response Fund	Funding unforeseen infrastructural damage	-	12,530,494	-	12,530,494
Insurance Reserve	Investment Management	To fund insurance claim excess	1,000,100	566,258	-	1,566,358

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Name	Activity	Purpose	Balance July 2018	Deposits	Withdrawals	Balance June 2028
			\$	\$	\$	\$
Health & Safety Reserve	Admin and Meeting Support	OSH compliance	28,590	-	-	28,590
Parking Reserve	Car parks	Self funded activity balance	-	2,778,582	2,778,582	-
Landfill Development Reserve	Solid Waste	Share of development of new landfill when required	4,200,000	2,378,046	-	6,578,046
Roading Contributions	Roading	Financial contribution for capital works	110,863	-	-	110,863
Walker bequest	Parks		80,485	45,571	-	126,056
Dog Control Reserve	Dog Control	Self funded activity balance	119,713	25,670	-	145,383
Sport & Rec Grants Reserve	Physical Activity Fund	Ex Hillary Commission fund for Sport and Recreation	13,101	-	-	13,101
Art Council Loan Fund	Physical Activity Fund	Ex Sport & Recreation Grants	10,224	2,603	-	12,827
Events Contestable Fund Reserve	Economic Development	Unspent allocation held for eligible events	360,367	-	-	360,367
Founders Park Reserve	Founders	Founders development	143,985	1,112,268	1,131,627	124,626
Forestry Fund	Forestry	Self funded activity balance	334,406	1,164,929	1,369,667	129,668
Unused Depreciation Reserve	Various Activities	Special reserve to track unused depreciation	4,585,915	8,876,284	2,939,731	10,522,468

REPORT ON FINANCIAL PRUDENCE

Long Term Plan disclosure statement for the period commencing 1 July 2018

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

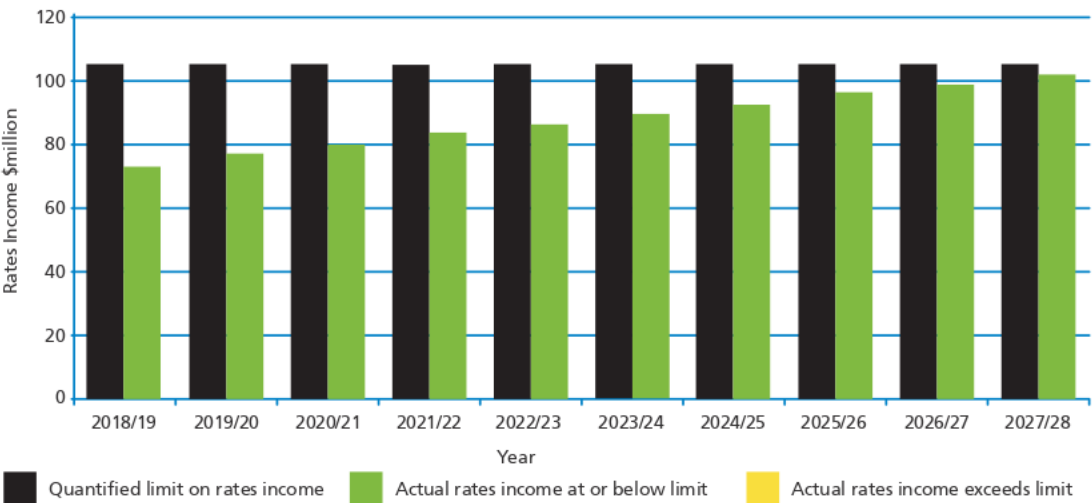
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if -

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

RATES (INCOME) AFFORDABILITY

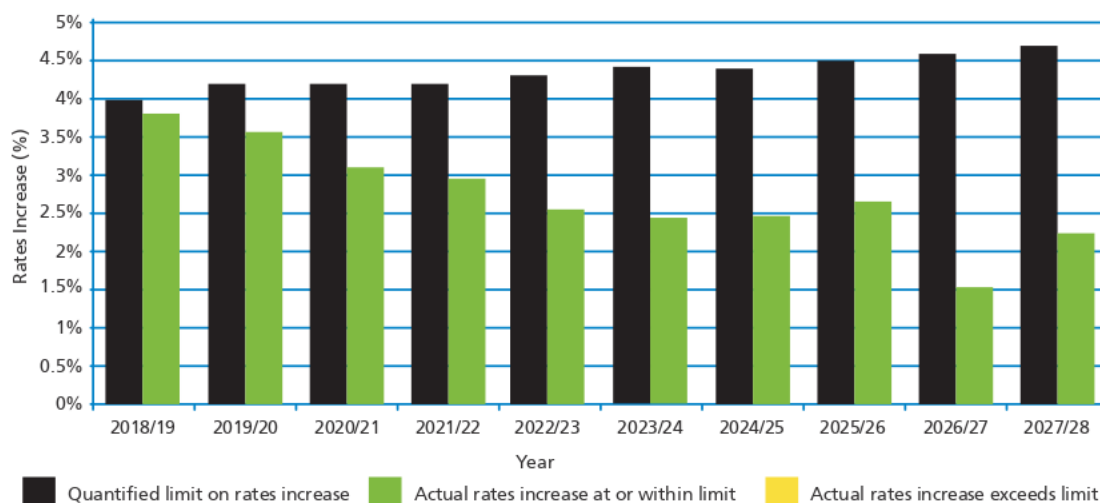
The following graph compares the Council's planned rates income with a quantified limit on rates contained in the financial strategy included in this Long Term Plan. The quantified limit is \$105 million.



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RATES (INCREASES) AFFORDABILITY

The following graph compares the Council's planned rates increases with a quantified limit on rates increases included in the financial strategy included in this long-term plan (LTP). The quantified limit is the local government cost index plus 2% for each year of the LTP.

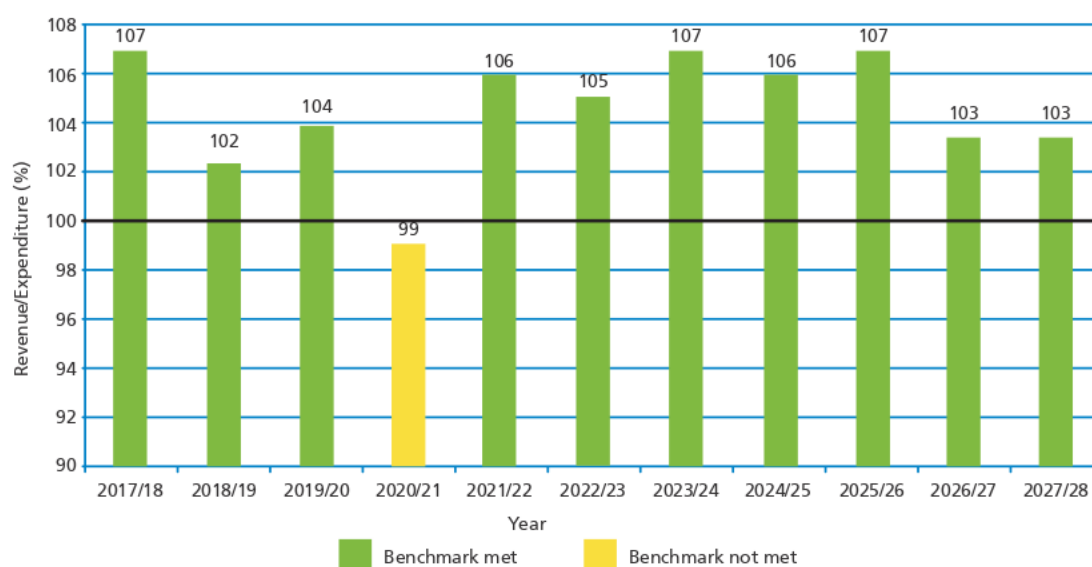


BALANCED BUDGET BENCHMARK

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The Council meets this benchmark if its planned revenue equals or is greater than its planned operating expenses.

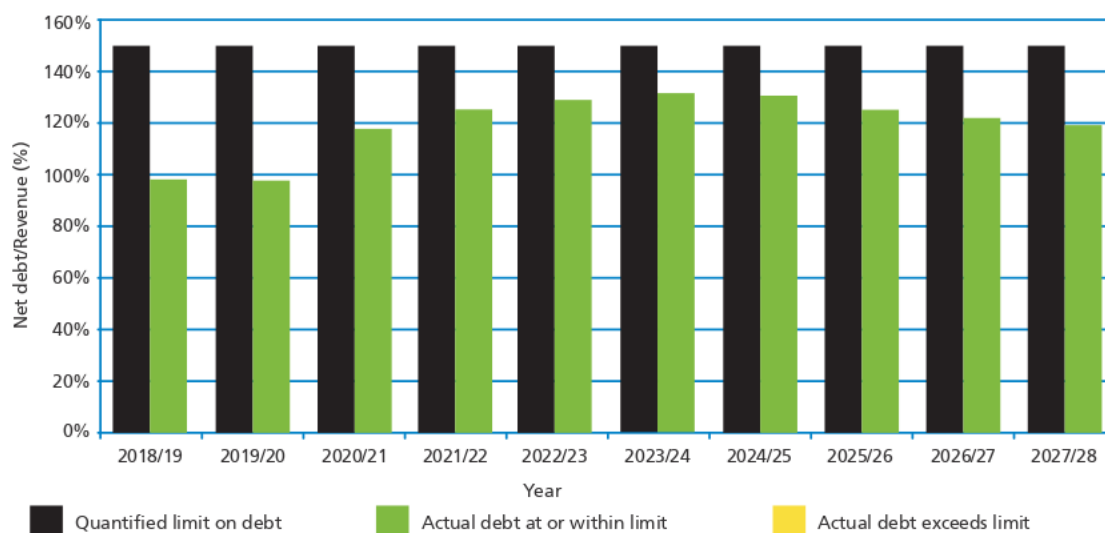
Council does not meet this benchmark in 2020/21 as the proposed contribution to the cost of the Waimea Dam of \$5 million is designated as an operating rather than capital expense for Council. This benchmark is affected because Council intends to fund the expenditure from borrowings due to intergenerational equity considerations.



DEBT AFFORDABILITY BENCHMARK

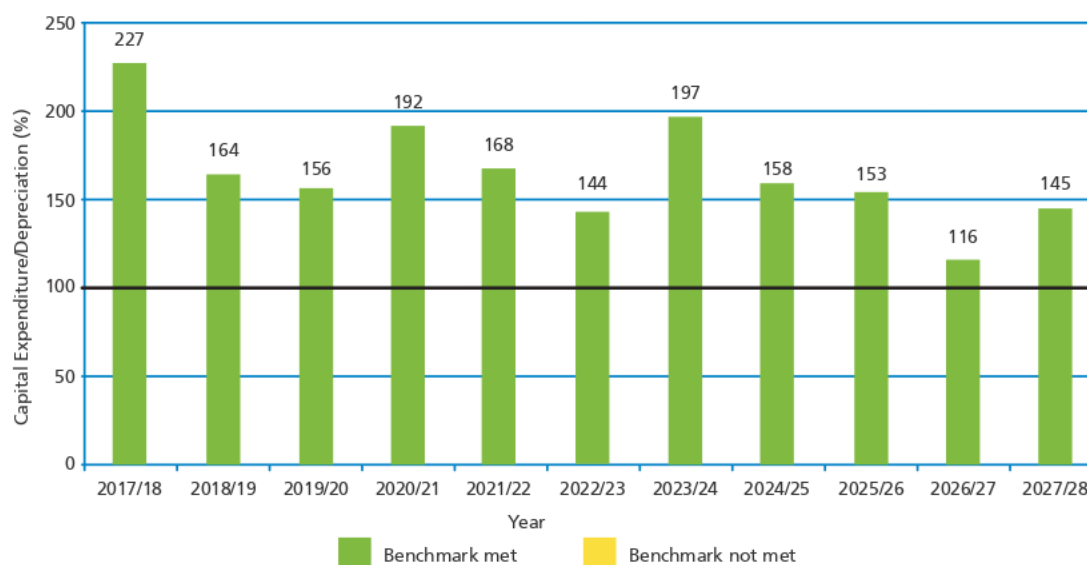
The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit is that net external borrowings are not to exceed 150% of revenue. Net external borrowings are defined as external debt and overdraft less cash balances and deposits.



ESSENTIAL SERVICES BENCHMARK

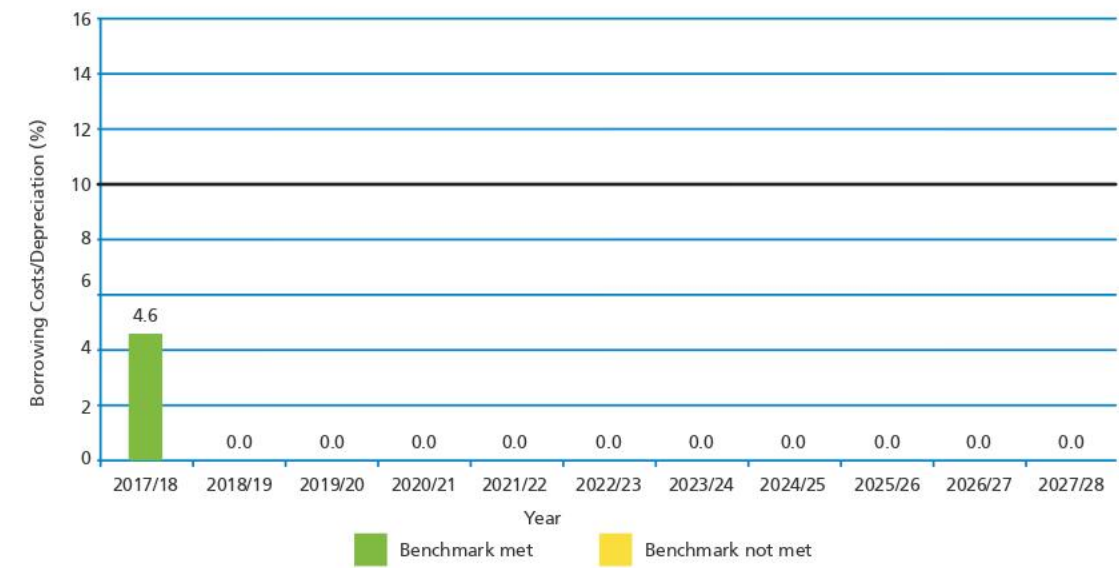
The following graph displays the Council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



DEBT SERVICING BENCHMARK

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Council's population will not grow faster than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

CONVEYING (\$/ANNUM/LITRE/MINUTE), INCLUDING GST CONTINUED...

Year	Total Cost (\$)	Average BOD loading (kg/day)	Cost/kg/ BOD/day (\$)
2017/18	3,813,083	3,475	1,097.29
2018/19	4,182,416	3,722	1,123.75

TREATMENT (\$/KG BOD/DAY), INCLUDING GST

METHOD B: QUANTITY APPROACH

For all other commercial premises, the tradewaste charge is simply based on the volume of effluent assessed as being discharged from the premises.

This effluent volume is calculated by multiplying the volume of water supplied into the premises by a correlation factor. The correlation factor is usually set at 0.8 unless another figure is agreed. It is assumed that 80% of the water that is distributed to a commercial property is subsequently discharged as wastewater. The trade waste charge is then calculated using a combined conveyance and treatment rate. This rate is determined annually by dividing the estimated cost of operating the sewerage system for the coming financial year by

SUMMARY OF RATES AND CHARGES

	Annual Plan 2017/18 (\$000)	Long-term Plan 2018/19 (\$000)	Long-term Plan 2019/20 (\$000)	Long-term Plan 2020/21 (\$000)
General Rates:				
Uniform Annual General Charge	6,892	6,641	6,930	7,221
Cents in dollar	39,055	40,793	42,573	44,359
Total General Rates	45,947	47,434	49,503	51,580
Waste water charge	7,265	7,794	8,313	8,715
Stormwater & flood protection separate general rate	5,235	5,805	6,233	6,794
Water fixed charge	3,425	3,629	3,758	3,862
Metered water	7,991	8,467	8,768	9,012
Solar Saver	24	12	5	1
Solar Saver Capital Rate	83	82	89	75
Clean Heat Warm Homes Capital Rate	383	366	329	162
Total Rates	70,353	73,589	76,998	80,201
Estimated natural increment	(352)	(552)	(772)	(807)
	70,001	73,037	76,226	79,394
% Increase in rates and charges	2.8%	3.8%	3.6%	3.1%
Rates remissions	(290)	(283)	(299)	(284)
Other fees and charges	23,845	25,907	26,127	26,648
Operating grants and subsidies	3,372	4,069	3,892	3,955
Interest and dividends received	3,385	3,863	3,628	3,686
Capital Contributions:				
Capital rates	(466)	(448)	(418)	(237)
Development/financial contributions	3,064	3,547	3,623	3,701
Vested assets	6,000	7,000	8,774	7,311
Capital Grants and subsidies	5,326	4,836	5,425	5,112
Total Comprehensive Revenue	114,589	122,080	127,750	130,093

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

the average of the previous three year's total effluent volume. Initially, all trade waste ratepayers pay the wastewater rate that is then deducted from the trade waste charges. Any surplus is not refunded. The deficit is the payable trade waste charge.

The 2018/19 charges compared with the previous year's charges are:

CONVEYING AND TREATMENT, INCLUDING GST

Year	Total Cost (\$)	Total effluent volume (m³)	Cost/m³ (\$)
2017/18	9,937,916	5,311,249	1.87
2018/19	10,659,223	5,446,636	1.96

	Long-term Plan 2021/22 (\$000)	Long-term Plan 2022/23 (\$000)	Long-term Plan 2023/24 (\$000)	Long-term Plan 2024/25 (\$000)	Long-term Plan 2025/26 (\$000)	Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)
	7,453	7,737	7,974	8,214	8,492	8,677	8,965
	45,786	47,525	48,984	50,455	52,163	53,299	55,072
	53,239	55,261	56,959	58,668	60,655	61,975	64,037
	9,430	9,595	9,918	10,266	10,905	11,255	11,740
	7,470	7,975	8,267	8,725	9,207	9,632	9,978
	3,963	4,076	4,285	4,471	4,566	4,677	4,778
	9,246	9,511	9,998	10,432	10,654	10,914	11,149
	0	0	0	0	0	0	0
	23	0	0	0	0	0	0
	49	0	0	0	0	0	0
	83,420	86,418	89,427	92,562	95,987	98,453	101,682
	(839)	(870)	(900)	(931)	(966)	(990)	(1,023)
	82,581	85,549	88,527	91,631	95,021	97,463	100,659
	3.0%	2.6%	2.4%	2.5%	2.7%	1.5%	2.2%
	(278)	(275)	(280)	(285)	(200)	(204)	(208)
	27,520	28,082	28,537	28,933	29,689	30,088	30,664
	3,891	4,145	4,182	4,323	4,385	4,484	4,769
	3,748	3,812	3,880	3,950	4,025	4,102	4,183
	(72)	0	0	0	0	0	0
	3,781	3,866	3,957	4,049	4,149	4,254	4,366
	7,472	7,644	7,828	8,015	8,216	8,429	8,657
	6,570	5,824	8,223	7,741	8,914	4,871	5,627
	136,052	139,517	145,753	149,288	155,165	154,477	159,739

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
	<p>Individual benefits accrue to those who use facilities and attend activities.</p> <p>Grants and heritage activities provided to groups exclude other groups from receiving funding. This is modified to some degree as Council applies criteria to grant funds that moves the benefits towards the whole community.</p> <p>Overall there is a fairly even split of public and private benefits.</p>		Groups of individuals with specific interests in heritage and arts.	Charging for these activities would significantly reduce community involvement.		<p>Entrance charges for the general facilities would significantly reduce usage and past investments in this activity would be poorly utilised. These facilities also provide activities for visitors. Because of these issues Council has decided to reduce the proportion to be funded by individuals.</p> <p>Grant funding and heritage activities benefit the whole community. Private and group benefits funded through external grants and sponsorships that are often required by Council.</p>	
Cemeteries and Crematorium	<p>These services provide appropriate and safe cemetery and crematorium services. The cemeteries also provide public open space, often with heritage value.</p> <p>Individual users / groups benefit, particularly families of the deceased. The entire community benefits adequate provision for interring the deceased in an appropriate manner and that cemeteries are maintained as a place of remembrance.</p>	Long term.	None.	New users of the services are charged on a user pays basis. Historical burials and cremations created ongoing costs that cannot be charged for in retrospect.	General rates Fees and charges Reserves Borrowing	<p>Council is faced with maintaining these facilities in perpetuity to a high standard. New users pay for the burial / cremation costs plus the ongoing costs of maintaining the plot. This is the private benefit funding proportion. The costs of maintaining historical burial areas, and some of the costs of public spaces, are a public good and are therefore funded through general rates.</p> <p>Crematorium fees have to meet market competition.</p>	<p>Cemeteries</p> <p>Private 40-60%</p> <p>Public 40-60%</p> <p>Crematorium</p> <p>Private 70-90%</p> <p>Public 10-30%</p>
Motor Camps	<p>Visitors to the City benefit from affordable camping facilities and other accommodation options. The Motor Camps also offer semi-permanent low-cost residential options.</p> <p>Businesses benefit from the attraction of visitors who can stay overnight due to the availability of a range of accommodation for residents and visitors.</p> <p>The whole community benefits from providing serviced camping spaces and not having visitors camping illegally and generating litter and pollution issues.</p>	Short to long term.	None.	This activity is operated as a business and funding is separate from core Council operations.	General rates Fees and charges Borrowing	<p>Motor Camps are provided to allow campers and other visitors to stay in the City. While the whole community, and businesses in particular, benefit from this, the users of the motor camps gain the most benefit. These facilities use reserve land but are operated as a business. Funding is largely from user charges and the balance is from general rates. Any surplus funds can be used to reduce the general rate requirements.</p>	<p>Private 90-100%</p> <p>Public 0-10%</p>

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

Activity	Who benefits (User / Beneficiary pays principle, public good theory)	Period of benefits (intergenerational equity principle)	Whose actions or inactions contribute (Exacerbator / polluter pays principle)	Costs and benefits of separate funding	Funding sources	Funding rationale	Funding targets adjusted for community affordability
Social Development	<p>Council has a role in supporting community groups which promote community development. The community benefits from the existence of a strong co-ordinated voluntary sector, and improved social services that better match the needs of the community.</p> <p>Community groups gain funding to proceed with their projects, and beneficiaries of those projects receive a range of benefits.</p> <p>Some individual benefits are excludable but many of the programmes aim to support groups or the community as a whole.</p> <p>Migrants and intending migrants to the region gain support. Members of the Youth Council gain civic engagement experience and it provides an opportunity for the youth voice to be heard.</p>	Generally short term.	Vulnerable and disadvantaged members of the community.	It is not possible to charge the costs to individuals who benefit, as they often have limited incomes. Community groups use volunteers and are not personally receiving the benefits of the funding.	General rates Grants and subsidies Reserves Borrowing	<p>The purpose of the funding is to address social issues and to help those residents who are the most disadvantaged. In many cases the net cost to the community from these grants is positive. As the entire community benefits from improved social outcomes the general rate is used to fund grants and programmes.</p> <p>Council encourages community groups to maximise government funding and other grants. Council funding (general rates) are only used where these other sources are not sufficient to fund these approved grants / activities.</p> <p>Council limits the funds available as the demand is always more than what Council deems is affordable through rates.</p> <p>Council also funds social policy and monitoring in order to know the current and expected state of social needs in the City. This is a Council-run function which is funded through the general rate.</p>	Private 0-20% Public 80-100%
Community Properties – public toilets, halls etc	<p>Benefits flow to the whole of the community through the provision of community buildings for leisure, arts, and cultural and community events.</p> <p>The whole community benefits from clean public toilets.</p> <p>There are economic benefits to businesses by providing facilities for visitors and residents, and community buildings that attract people to events and for recreational purposes.</p>	Short term for events and activities. Long term from the provision of buildings.	<p>People and groups who want community spaces to meet or carry out an activity.</p> <p>People (visitors and residents) away from their home or workplaces needing toilets.</p>	Council funds this activity through a mixture of user charges, rents and general rates. A specific rate could be used but the amount is not significant for the Council. The general rate is seen as appropriate to fund the public good aspects of the activity.	Fees and charges General rates Reserves Borrowing	<p>Council provides a range of community buildings and public toilets to support community groups, activities and a more community orientated City. Many of these facilities are historical and some reflect the different community needs of previous generations. Council is now faced with maintaining these facilities as the general community is very supportive of retaining these facilities. Council sets charges at a level that balances income against usage.</p>	Private 0-20% Public 80-100%

Table continued overleaf

10. SUMMARY OF FUNDING TARGETS

10.1 FUNDING SOURCE PROPORTIONS FOR OPERATING COSTS

	General Rates	Targeted Rates	Fees and Charges	Grants and Other Revenue
Transport				
Road and Footpath Network	80-90%			10-20%
Inner City Enhancement	35-40%		60-65%	
Public Transport and Mobility	20-40%			60-80%
Water Supply			100%	
Wastewater		70-80%	20-30%	
Stormwater		100%		
Flood Protection		100%		
Environment				
Solid Waste Collection, disposal and recycling			100%	
Animal / Dog Control	0-10%		90-100%	
Building Consents	20-40%		60-80%	
Environmental Policy	80-100%		0-20%	
Resource Consents	40-60%		40-60%	
Public Health	50-70%		30-50%	
Environmental	90-100%		0-10%	
Social				
Libraries	90-100%		0-10%	
Art and Culture	90-100%		10-20%	
Cemeteries and crematoriums	40-60%		40-60%	
Motor Camps	0-10%		90-100%	
Social Development	80-100%		0-20%	
Community Properties	80-100%		0-20%	
Parks and active recreation				
'Premier Parks and facilities' Trafalgar Centre, Trafalgar Park and Saxton Field 'Premier Parks'	80-90%		10-20%	
Sports Parks	80-100%		0-20%	
Neighbourhood Parks and Reserves	90-100%		0-10%	
Marina			100%	
Recreation	90-100%		10-20%	
Economic	100%			
Corporate				
Civic and Democracy	100%			
Emergency Management	100%			
Investment Management				100%

The funding proportions outlined in this table represent the Council's desired intentions – i.e. the share of the gross operating costs borne by each group of ratepayers / users.

Note: Council has varying levels of control over the actual revenue obtained from users of facilities that are not owned by Council. Management and operations that are carried out by other entities generally retain revenue from entry fees.

Item 6: Adoption of the Annual Plan 2019/20, amendment to the Long Term Plan 2018-28 and setting of the rates for 2019/20: Attachment 2

Forecasting assumption	Description of Risk	Impact if assumption not correct	Mitigation
assumption related to climate change. Council relies on Ministry for Environment guidance in estimating sea level rise and reviews assumptions when the Ministry for the Environment releases updated guidelines. The Nelson Tasman Civil Defence Emergency Management Group Plan provides a regional risk assessment which illustrates the difference in our natural hazards, for example earthquakes (infrequent but high consequence) versus flooding (likely but less consequence).			Another mitigation is the work identifying hazards in the draft Nelson Plan and advising affected landowners. There is also work to address climate change through investments in public transport, use of solar technology and maximising walking and cycling as modes of transport.
Government Policy Changes It is assumed that with the change in government there will be significant policy changes which will impact on the Council work programme. Changes to legislation impacting on local government are likely to take place during the period of the Long Term Plan. It is assumed that Central Government will work with councils to ensure that any legislative changes are managed appropriately and to ensure benefits from its commitment to partnership with the local government sector are realised.	Government policy shifts may be more significant than assumed or not allow reasonable implementation/ transition.	Medium	Financial impact resulting from a need to respond to significant legislation and /or policy changes would impact on rates or fees and charges.
National Policy Statement for Urban Development Capacity (NPS-UDC) It is assumed that Council can meet the requirements of the National Policy Statement for Urban Development Capacity (NPS-UDC) which requires local authorities to ensure there is sufficient development capacity to meet demand in the urban environment in the short term (within 3 years), medium term (3-10 years) and long term (10-30 years) ⁸ . The Nelson Urban Area is currently classed as a medium growth area. This classification may change upon revisions to the NPS-UDC ⁹ definitions or to the Statistics New Zealand Urban Area population projections.	Meeting the requirements of the NPS-UDC may result in changes to timing of infrastructure projects. Growth classification may change.	Low	Nelson City and Tasman District Council are collaborating to ensure both can meet the requirements of the NPS-UDC.
Community Housing That in line with the amendment to this Long Term Plan in June 2019, Council will divest its community housing between 1 July 2019-30 June 2020, at net book value of \$8,382,000.	Actual sale price may be more or less than net book value.	Low. Financial impact resulting from a lower sale price would impact on future rates and Council's contribution to any proposed housing partnerships.	Divestment of Council's community housing will consider an appropriate level of protection for both tenant wellbeing and ratepayer interests.

⁸ Short-term capacity must be feasible, zoned and serviced while long-term capacity must be feasible, with servicing planned but does not need to be zoned yet. Local authorities with a medium or high growth urban area also need to provide an additional margin of feasible development capacity over and above projected demand of at least: 20% in the short and medium term; and 15% in the long term.

⁹ The Nelson Urban Area includes all of the area units of Nelson, except for Whangamoa and it also includes Area Units within Tasman District Council boundaries of Aniseed Hill, Hope, Best Island, Bell Island, Ranzau, Richmond West and Richmond West. Note that the Nelson Urban Area boundary is also under review.

SCHEDULE ONE: ASSESSING SIGNIFICANCE AGAINST CRITERIA

Criteria	Higher Significance	Lesser Significance
Change in levels, or delivery, of service provided by Council.	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a "strategic asset" as listed in this policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on the Council's ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/or long term on either debt levels or rates.	The impact is of a medium to low level
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.

SCHEDULE TWO: LIST OF STRATEGIC ASSETS

The Local Government Act 2002 definition of a strategic asset is outlined in the Significance and Engagement Policy.

The list of assets outlined below are considered to be "strategic assets", however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole;
- Wastewater network as a whole;
- Stormwater and flood protection network as a whole;
- Land transport network as a whole;
- Ownership in the Nelson Airport Company;
- Ownership in the Nelson Port Company;
- Ownership of Nelmac Ltd.

Nelson City Council - Long Term Plan 2018 -28 - Change Log – June 2019.

LTP Page #	Heading	Previous text	Change	Updated to
10	n/a		<i>New text inserted</i>	From the 29 March 2019 to the 2 May 2019 Council consulted with the public on a proposal to sell its Community Housing. Seventy-nine submissions were received, and hearings were held in May 2019. Following consideration of submissions Council decided, at its meeting commencing 4 June 2019, to divest its community housing. The terms and conditions of the divestment are subject to Council approval to be decided in due course. This Long Term Plan has been amended to reflect this decision.
33-41	Financial Strategy	<p>Summary of Planned 10 year Financial Performance (Pg33) Council is forecasting capital expenditure of \$480 million, of which \$144 million would be for renewals, and operating expenditure of \$1,254 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from \$122 million in 2018/19 to \$160 million in 2027/28, Year 10.</p> <p>Rates, Overall Increase In Rates Required and Rates Increase Limit (Pg33) According to what is included in the Long Term Plan, average overall increase in rates required in the first three years,</p>	<i>Text amendments</i>	<p>Summary of Planned 10 year Financial Performance (Pg33) Council is forecasting capital expenditure of \$478 million, of which \$143 million would be for renewals, and operating expenditure of \$1,245 million over the 10 years of this Long Term Plan. Council's total income, after inflation, would increase from \$122 million in 2018/19 to \$159 million in 2027/28, Year 10.</p> <p>Rates, Overall Increase In Rates Required and Rates Increase Limit (Pg33) According to what is included in the Long Term Plan, average overall increase in rates required in the first three years, adjusted</p>

		<p>adjusted for the impact of growth, will be 3.8%, 3.9%, and 3.4%, respectively.</p> <p>(Pg37) Total operating expenditure is budgeted to increase from \$109 million in 2018/19 to \$142 million in 2027/28, a 31% increase including inflation over the ten years of the Long Term Plan.</p> <p>(Pg40) To fund the capital works programme in this Long Term Plan, net borrowings would peak at \$186 million during 2024/25.</p>		<p>for the impact of growth, will be 3.8%, 3.6%, and 3.1%, respectively.</p> <p>(Pg37) Total operating expenditure is budgeted to increase from \$109 million in 2018/19 to \$141 million in 2027/28, a 29% increase including inflation over the ten years of the Long Term Plan.</p> <p>(Pg40) To fund the capital works programme in this Long Term Plan, net borrowings would peak at \$178 million during 2024/25.</p>
33-41	Financial Strategy	Financial Tables	<p><i>Updated financial tables:</i></p> <ul style="list-style-type: none"> - General Rates, Targeted Rates, Total Rates and Total Net Debt - Net Debt, Debt/Revenue Ratio, Rates and Rates Cap - Annual Rates Increase Versus Rates Cap - Annual Expenditure (000s) - Annual Debt Versus Debt Cap (000s) - Net Debt, Net External Debt, and Net Interest Expense as a % of Total Rates Income 	
117	Social	Community Housing	<i>Text deleted from word cloud</i>	
121	Social - Drivers of Capital Expenditure	Ageing community housing infrastructure requiring increased maintenance and renewals and eventually replacement	<p><i>Text deleted</i></p> <p><i>New text inserted</i></p>	<p>In June 2019 Council decided to sell its Community Housing. The details of the sale have not yet been finalised, however the financial statements on pages 122-125 have been updated in accordance with the proposal contained in the Annual Plan 2019/20 Consultation Document. The</p>

				proceeds from the sale are intended to be used to support partners in the delivery of affordable housing solutions in Nelson. The sale will enable Council to cease the current financial support of \$160,000 p.a. from rates. Funding for the maintenance and renovation of the units has been removed.
122-125	Social – Financial tables		<p><i>Updated Financial tables:</i></p> <ul style="list-style-type: none"> - <i>Funding Impact Statement</i> - <i>Reconciliation Between Net Surplus/(Deficit) of Operating Funding In the Funding Impact Statement and the Net Surplus/(Deficit) in the Cost of Service Statement</i> - <i>Summary of Capital Expenditure over \$100,000 in any one year</i> 	
176-185	Financial Statements	Financial tables	<p><i>Updated Financial tables:</i></p> <ul style="list-style-type: none"> - <i>Statement of Comprehensive Revenue and Expense</i> - <i>Statement of Changes in Net Assets/Equity</i> - <i>Statement of Financial Position</i> - <i>Cash Flow Statement</i> - <i>Funding Impact Statement</i> - <i>Reconciliation between the Surplus in the Statement of Comprehensive Revenue and Expense and Surplus (Deficit) of Operating funding in the Funding Impact Statement</i> 	
186	Financial Reserves Estimates	Self-funded activities such as dog control, parking and community housing are also	<i>Text amendment</i>	Self-funded activities such as dog control and parking are also managed through

		managed through reserve funds for each of those specified purposes		reserve funds for each of those specified purposes
186-187	Financial Reserves Estimates - Restricted Reserves Table	Pensioner Housing Reserve Community Housing Self-funded activity balance Balance at July 2018 – 235,475 Deposits – 0 Withdrawals – 235,475 Balance at June 2028 - 0	<i>Updated financial table</i>	Housing Reserve Self-funded activity balance Balance at July 2018 – 235,475 Deposits – 8,382,000 Withdrawals – 221,014 Balance at June 2028 – 8,397,131
188-191	Report on Financial Prudence		<i>Updated Financial Tables:</i> -Rates (income) affordability -Rates (increases) affordability -Balanced budget benchmark -Debt affordability benchmark -Essential services benchmark -Debt servicing benchmark	
202-203	Commercial Wastewater Charge-Trade Waste Charges - Summary of Rates and Charges		<i>Updated Financial Table:</i> -Summary of Rates and Charges	
220	Activity - Social Community Housing	Who benefits Individual tenants are the primary beneficiaries. These reasonable quality low-cost housing units are targeted at older residents with the least wealth. Rental levels are set below market rates. The assets have considerable value and the benefits are received by a small percentage of the community. The community as a whole benefits from having appropriate affordable housing available to senior residents.	<i>Text deleted</i>	

		<p>Period of benefits Long term. Each housing unit will last at least 50 years.</p> <p>Whose actions or inactions contribute Mature residents who are unable to provide for their long term accommodation needs.</p> <p>Costs and benefits of separate funding Fees and charges as set by Council policy determine income. Funding needs are separately identified to clearly show the amount of subsidy.</p> <p>Funding sources Fees and charges Borrowing</p> <p>Funding rationale The Community housing activity was started in the 1950's in a partnership with government. Council has a Policy setting rental charges 25% of national superannuation level. As the benefits are largely private the activity is self-funding through fees and charges. The ability to fund future renewals of the housing units may require changes to this policy.</p> <p>Funding targets adjusted for community affordability Private 100% Public 0%</p>		
227	Summary of Funding Targets	<p>Social – Community Housing General rates – Targeted rates – Fees and charges – 100%</p>	<i>Text deleted</i>	

	Funding Source Proportions For Operating Costs	Grants and other revenue -		
308	Assumptions		<i>New assumption inserted (see below)</i>	
352	Significance and Engagement Policy Schedule Two: List of Strategic Assets	Ownership of community housing	<i>Text deleted</i>	

New Assumption:

Forecasting Assumption	Description of Risk	Impact if Assumption is not correct	Mitigation
That in line with the amendment to this Long Term Plan in June 2019, Council will divest its community housing between 1 July 2019-30 June 2020, at net book value of \$8,382,000.	Actual sale price may be more or less than net book value.	Low. Financial impact resulting from a lower sale price would impact on future rates and Council's contribution to any proposed housing partnerships.	Divestment of Council's community housing will consider an appropriate level of protection for both tenant wellbeing and ratepayer interests.